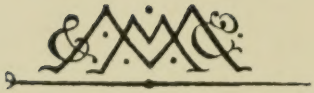
3 1761 07351684 1

GEORGE'S
Park Street, Bristol

AUSTRALIAN SOCIALISM



MACMILLAN AND CO., LIMITED
LONDON · BOMBAY · CALCUTTA
MELBOURNE

THE MACMILLAN COMPANY
NEW YORK · BOSTON · CHICAGO
ATLANTA · SAN FRANCISCO

THE MACMILLAN CO. OF CANADA, LTD.
TORONTO

AUSTRALIAN SOCIALISM

AN HISTORICAL SKETCH OF ITS ORIGIN & DEVELOPMENTS

BY

A. ST. LEDGER

SENATOR FOR THE STATE OF QUEENSLAND IN THE COMMONWEALTH PARLIAMENT

MACMILLAN AND CO., LIMITED
ST. MARTIN'S STREET, LONDON
1909

PRESENTATION COPY

HX
474
S3

781511

"There shall be in England seven halfpenny loaves sold for a penny: the three-hooped pot shall have ten hoops; and I will make it felony to drink small beer: all the realm shall be in common; and in Cheapside shall my palfrey go to grass: and when I am king, as king I will be . . ."—SHAKESPEARE, *Second Part of King Henry VI.*, Act IV. Sc. ii.

Digitized by the Internet Archive
in 2010 with funding from
University of Toronto

http://www.archive.org/details/australiansocia00stle

PREFACE

The economic issues involved in the platform of Australian Socialism have been repeatedly investigated. This work is mainly confined to the history of the political events by which Socialism was enabled to play such an important part in the political history of Australia, more especially in the years following the inauguration of the Commonwealth. The author desires to show: (1) That Socialism received its original impulse in Australia through the powerful personality and brilliant propaganda of William Lane, a journalist in the State of Queensland. (2) That the original impetus and impress which he gave to the Labour party in Australia, of which in the historic sense he was the founder, were identical on their economic side with the Socialism of Continental Europe. (3) That the ideals of Bellamy, Marx, Engels, and of other European Socialistic writers, were and are still the ideals (now called the "Objective") of the Australian Labour party. (4) That the main work of the Labour party has been to profess this Socialistic gospel on the platform and to suppress it in Parliament, in order to hold the balance of parties in every State House and in the Commonwealth Parlia-

ment. In other words, that its parliamentary, as distinguished from its platform and special press campaigns, have been one long deception of the public.

It may be admitted that many of the organisations and leaders of the Labour parties in Australia are not conscious of taking any active part in the propagation of such Socialism, and separate sharply in their own minds the reform planks of the Labour platform from the Socialistic aims now scarcely veiled in all their official "Objectives." But such men and such organisations are being irresistibly borne along with the tide of Socialism. If they do not know it, the Socialists do. Without the aid of the Socialists the Labour parliamentary party's separate existence would not survive one general election. It is evident from the extracts of speeches given in this work that their parliamentary representatives have a clear and fearful foreboding of that fact.

Separate that portion of the Labour platform which may be legitimately called Liberal and Reform movement from the whole of the Labour platform, and nothing but the Socialistic "Objective" is left. In other words, were the parliamentary Labour representatives to attempt to cut their fighting platform from their "Objective," their occupation would be gone. Hence the necessity of keeping them in the closest connection on the platform. But were they to proclaim this indivisible connection in Parliament, or to make any serious attempt in Parliament to embody any one principle of the "Objective," as understood by the Socialists, into the form of an Act of Parliament, public opinion and parliamentary parties would at once

solidify against them. Hence the necessity of carefully sinking the "Objective" in Parliament.

A great deal of indignation has been expressed by members of the Labour party at the charge that Australian Socialism seeks to weaken the marriage tie and invade the sanctity of the family. It is but fair to say that this charge is as foolish as it is unwarrantable. As a party and in their press organs they have strongly supported a high standard of moral life. Their official press is one of the "cleanest" in the world, and the general *morale* of the party is of the highest. They number probably quite more than the average proportion of men of singularly honest, upright, industrious lives. On the other hand, they cannot deny that many European Socialistic writers contend that Christianity and the duties and rights which it imposes and confers on family life are the basic social bulwarks barring the way against the realisation of their economic ideals. Australian Socialists, however, unanimously condemn this part of the European Socialistic gospel.

History repeats itself. Between the Liberal and Conservative parties in the United Kingdom a third party is springing up. The growth of that party is just beginning. Exactly the same opportunities are given to it as to the Labour party in Australia. It is emerging from the tangled web of English politics, and for precisely the same reasons as the Labour party emerged from Australian politics. It will appeal to the working classes on the same grounds. Fortunately, however, the Liberal and the Conservative parties have the experience of Australia before them to determine whether the price of holding office by

political concessions to it is worth the inevitable humiliation and subserviency involved.

The Imperial Parliament will no doubt be called upon soon to initiate some of the legislation which has been enacted in Australia for the purpose of promoting or controlling industries. This work shows that neither our Parliaments nor any other Parliament has sufficient data yet to determine clearly whether or not this legislation has benefited or injured the worker. It must be borne in mind that the regulation of factories and shops is a branch of legislation entirely distinct from the economic issues involved in the control or State regulation of industries. The former, including the suppression of sweating, is solely humanitarian; the latter is solely economic, and sooner or later must conform to the law of supply and demand, and the economic limitations of a country's resources.

In this connection, working-class readers may take note of the fact that Australian Socialism has thrown its whole weight in favour of High Tariff, a tariff in many respects prohibitive against the rest of the workers of their own race throughout the world. It also is careful to restrict all means by which his fellow-worker may be brought here to benefit by the (alleged) improvement in the conditions of the Australian worker. Australian Socialism has undoubtedly, by its action on the tariff, materially increased the cost of living to the worker. For parliamentary purposes Socialism has been made the handmaiden of Prohibition. It defends itself on the platform by alleging that its support of High Tariff is preparatory to the forcing of high direct taxation with the

ultimate view of the nationalisation of industries. It defends its action in Parliament by alleging that it is but obeying the verdict of Australia, and acting so as to support (and not to nationalise) Australian industries.

There is nothing in Australian Liberal Democracy to prevent any question of the Labour platform outside its Objective from receiving careful consideration by our Parliaments. Much of it has been so considered, much of it modified, and much of it rejected. The Labour platform (apart from its Objective) has just the same opportunity of consideration as the most conservative plank in the most conservative organisation in Australia. A Liberal Democracy can do no more, nor should it do less. It is only a despotism that presses for more.

Hence it is that Socialism in Australia is apparently steadily preparing to set up a political and parliamentary despotism, such as Australia has not yet seen, and for which the only parallels in history are the oligarchies of Greece and Rome in ancient times, and Venice and Genoa in modern times. Fortunately, the worker and not a secret Junto or a privileged class holds the main threads of our national destiny. A class may be corrupted; a young nation such as ours, with its vigour and resources, cannot be corrupted. The object of this work is to show that the issues of Socialism have been carefully disguised from the Australian public. After all, Australian Socialism is far more the creation of low-grade parliamentary intrigue, than the deliberate expression of public opinion. From this point of view, the book may be useful as a guide and a warning to British workers

the world over to keep their eyes open to intrigue, and to prevent their great parliamentary institutions from being converted into a battle-ground between self-seeking politicians and weak political parties.

It may be noticed (and objected) that undue prominence has been given to the Socialistic upheaval in the State of Queensland under Lane. But it will be found to be historically correct that in Queensland under Lane the movement had its origin. Other States and other leaders sprang into the political arena almost simultaneously. The movement may be viewed from other States as well, but the course and development is still substantially identical with that traced in these pages. It may be hoped that this work will encourage students in each of the other States to investigate the question from other standpoints that may be peculiar to the several States. There is an undeveloped mine of socio-political literature and propaganda work lying buried, and being covered deeper each year, in the history of the struggles of Socialism in Australia between the years 1888-1894. The Socialists of to-day would, if they could, put the tombstone of oblivion over it. Let me hope that it will all be unearthed, put in order, classified, and analysed, in order to point out and emphasise both the moral and the warning for future Australians.

A. ST. LEDGER,

Senator for the State of Queensland
Commonwealth Parliament.

MELBOURNE, *June* 18, 1908.

CONTENTS

CHAPTER I

PAGE

The Origins of Australian Socialism — its Objective 1

CHAPTER II

The Economic Theories of Australian Socialism in the Early Stages of the Movement . 20

CHAPTER III

The Conflict between Liberalism and Socialism 29

CHAPTER IV

The First Socialist Programme becomes a Political Manifesto 40

CHAPTER V

Strikes and Compulsory Arbitration . . . 44

CHAPTER VI

Lane founds New Australia in Paraguay—his Schemes end in Ruin 58

CHAPTER VII

PAGE

The Great Financial Crisis—Finance between 1880 and 1893 67

CHAPTER VIII

Industrial Legislation in Australia . . . 78

CHAPTER IX

Illustrations of the Practical Working of Compulsory Arbitration 92

CHAPTER X

Compulsory Conciliation and Strikes—Disputes carried into Arbitration Courts and thence to the Law Courts 104

CHAPTER XI

Compulsory Arbitration and Wages Boards compared 118

CHAPTER XII

Socialism and Nationalisation 129

CHAPTER XIII

Socialism and Population and Internal Development 139

CHAPTER XIV

Legislation controlling the Relations between Employer and Employee 163

CHAPTER XV

PAGE

The intense Difficulties involved in the Problem of State Interference and Control of Industrial Operations 169

CHAPTER XVI

Tariff Legislation—the New Protection . . 183

CHAPTER XVII

Excise Tariff Legislation—Employers summoned before the Commonwealth Conciliation and Arbitration Court 197

CHAPTER XVIII

The Masking of the Socialistic Objectives . . 211

CHAPTER XIX

The Masking Policy further developed . . 234

APPENDICES 253

INDEX 361

CHAPTER I

THE ORIGINS OF AUSTRALIAN SOCIALISM— ITS OBJECTIVE

No term in history, science, or economics is more confusing, and, intentionally or unintentionally, confused and abused, than the term Socialism,—one of those conventions of speech which has crept into usage, more by reason of its associations in modern history than of any connection between the definition and the thing defined. History is not concerned with definition. Its province is bounded by the accuracy of the narrative of human events, the proper focussing of their relation, and the analytical grasp of their sequences. That is, the historian is primarily concerned with the task of giving the record of the facts and events occurring during the period of his investigation, and their dependence on each other, as illustrating and often proving the purposes and objectives of the persons, the politics, and movements of the time. We must seek to find these objectives, these definitions, rather in the expressions of the authors and persons concerned, than in any attempts at simple and acceptable definitions deduced from the storehouse of writings or speeches or legislative enactments. The

latter may be easily made to speak for themselves. The definition, if the historian does his work faithfully, will follow, more or less modified by the relational aspect of the questions with which he is dealing.

In one sense there never was an era in civilisation in which there was not a marked tendency in individuals (a tendency as powerful in individual and social life as instinct in animals) to give up a certain proportion of individual powers, or rights, or privileges, for the purpose of their utilisation for the common good. And it may be as confidently asserted that, as long as human nature remains as it is, there never will be a period in future history when it will not be so. Whether the individual has rights or privileges conferred upon him by natural or divine law, or whether these follow as the necessary incidents of his position as a human being, in relation to society, is a discussion which has the same relation to history as metaphysics to the study of physics. So also with the discussion, whether or not the individual human being has only such rights and privileges as are conferred from time to time on him by such social authority or power as existed when he became associated with his fellow human beings in submission to some elementary form of order, or law, or community of action.

These (for the historian) are fruitless questions to follow. They suggest, however, two basic and conflicting principles, which are dividing opinions and are now contesting for the dominance and direction of the future of civilisation. The question may be put in a more concise form in order to illustrate it in its practical application to society

and politics. It is this: Is the State subordinate to the individual, or the individual to the State? The Socialist (in practice) asserts the latter proposition; the democrat asserts the former. Modern civilisation is based on the former principle; all (or nearly all) past civilisation was based on the latter. Feudalism, which at the ceremony of Investiture made the knight the king's man, and so on downwards throughout the social ranks, was the concrete expression of the latter principle. The American War of Independence is the embodiment of the former. The French Revolution, apart from its extravagant theories and fanatical saturnalia of blood, was a savage protest against State or Class privilege; it was the assertion of the individual's right "to life, liberty, and the pursuit of happiness."

The phenomenon, in the case of Australian Socialism, lies in the fact that it is the first time in history that a new community, possessed of a whole continent, consisting of comparatively few individuals, and these all from one parent stock and working out their civilisation amidst comparatively unbounded natural resources, have, of their own deliberate volition, without the slightest trace of external or internal necessity, and in a period of universal progress and comparative prosperity, plunged deliberately and almost instantaneously into a course of action which is, in practice, the assertion of the principle that the individual exists mainly for the benefit of the State, and not the State for the benefit of the individual. No such phenomenon has ever before been displayed by any community similarly placed.

There have been times when communities have suffered from some extravagant obsessions, which have

turned the currents of history. There have been periods when peoples have passed very rapidly from one obsession to a contrary and a reactionary revolt. For example, from the comparatively mild and ineffective tyranny of Charles I. to the actual tyranny of Cromwell's "Instrument of Government," and the absolute tyranny of a Government under martial law; from the puritanical piety of a Cromwellian régime to the voluptuousness of the reign of "The Merry Monarch"; from the infamous fanaticism of a Titus Oates, warning the people by perjuries against an imaginary conspiracy by one ecclesiastical organisation, to the indifference which established and rooted so firmly the supremacy and tremendous power of another. The history of every country which has attained a front rank in civilisation furnishes similar parallels. But such obsessions, with their consequent reactions, were the outward signs of a consciousness of the danger and the imminence within, of some grave evils, and of the necessity for remedies. The reactions exhibit the futility or the excess of such remedies. Is Australian Socialism another instance of such an obsession? If so—and probably a very short time will show that it is—there is, on the other hand, not the faintest discernible trace of any cause in Australia for such similar obsessions as have marked heavily the progress of civilisation in other communities.

Australian Socialism is, in this sense, a phenomenon. And in another sense also. It had its origin, not in protest against any social tyranny, any economic oppression; not from the dominance of any ecclesiastical or monarchical régime; but in the deliberate adoption of an ideal, to be realised by a community

then enjoying every opportunity which liberty, justice, intelligence, and prosperity could procure for it. It was a leap backwards to the ideals of Plato's *Republic* or More's *Utopia.* It was adopted by the Australian people after they had eradicated all vestige of privilege, and, politically, had established almost absolute class equality. At the ballot-box all men were not only equal, but had an equal right to go there, and equal power when they went there. It was adopted at a time when, economically, the people were living at a standard of general comfort the highest in all past history. In general diffusion of wealth and prosperity; in opportunities by way of schools, colleges, and universities, all liberally endowed by the State and generously encouraged by private benefactions; in facilities for treading the upward rungs of every ladder in every walk of life, Australia was not only "The Paradise of the Working Man," but apparently had uttered democracy's last word.

We can trace the causes and origins of every other revolutionary social ideal or upheaval. Such reforms as have been clearly evolutional, bear on their face the indications of their cause and progress. No investigation of these processes throws any light on the origins, or present or future form of the Australian Socialistic obsession. It fell like a bolt from the blue; like a comet, unheralded; and it remains with its orbit undefined, and its path and progress barely calculable by historical analysis.

All "obsessive" movements are characterised by one common feature. They have their origin in the commanding influence of some one or more individuals

gifted or inflicted with an angelic or satanic possession of spirit. Sometimes, by a combination of both forms, of inspired possession. Zionism is the creature of a Dowie; Mormonism, of a Brigham Young or Joseph Smith; Communism (in England and France), of Robert Owen, Fourier, and Louis Blanc. Australian Socialism possesses one and only one feature in common with these illustrative examples. It sprang full armed from the brain of one man—William Lane, a Canadian by birth, English by extraction, and by profession a journalist.

From another point of view the origin of Australian Socialism is somewhat different. No great socio-political movement can be traced to a single individual effort, though the effort of one or more individuals is usually the epoch-marking event in the movement. As referred to before, there never was a time when Socialism, that is a phase of human aspirations towards a better form of existence and government, was not "in the air." In the decade 1880-1890, the whole world was stirred with two conflicting and antagonistic Social ideals,—the Land Nationalisation ideal of Henry George, and the Socialistic Communism of Bellamy. One was professedly the expression of an irrefutable fact; the other of irrefutable fiction. It is still difficult to distinguish how much of each is fact or fiction. Fiction has an irresistible fascination for mankind. No one has the remotest faith in the practicability of a Robinson Crusoe existence. No one can resist the fascination and allurement of the story. Henry George made the mistake of confusing fact with fiction. Bellamy of confusing fiction with fact. Under the impulse of both errors, the attention of the

world was strongly arrested. Amongst the persons "obsessed" was William Lane, and being a journalist, gifted with brilliant imagination and tremendous nerve-force in wielding the pen, he threw himself ardently on the side of Bellamy, his natural affinity.

William Lane was for some years (1883-1885) engaged in the somewhat humble capacity of a reporter on a then comparatively obscure evening newspaper in Brisbane, Queensland, called *The Observer*. He contributed a special weekly Saturday Column of Sketches on the conditions of the working classes in that city. His range extended from the trials and struggles of the maid-of-all-work to the occupations of the Trades Unionists, the aristocracy of Labour. His pen glowed with enthusiasm, with sincerity and graphic power of description. From Dan to Beersheba, it was all a Bellamyesque barrenness. While on *The Observer* he established himself in the very first rank as a journalistic impressionist. He could command his own price for his own special articles. He gathered round him a small band of journalists, Bohemians, and struggling students in all the professions. He inoculated them all with the virus of his enthusiasms, and having established his circle, founded a weekly illustrated newspaper, *The Boomerang*. Unlike most enthusiasts, he conducted the newspaper with brilliant financial results, though the whole of the initial capital was scarcely sufficient to bring out the first issue. He organised all departments and infused his own untiring energy into each one of them.

There are speakers who have command of language. There are speakers whom language commands. To the superficial ear it is often a difficult task to

discriminate between their relative and absolute values in debate. There are writers whose judgments temper their enthusiasms, and control the currents of their thoughts. There are writers whose enthusiasms colour indelibly their thoughts, and compel their judgments. Lane, amongst writers, belonged to the latter class. He had studied and delved so long in the shade of the social slums of the life of cities, that his soul, like the dyer's hand, had become subdued to what he worked in. His was the impatient temperament which hurriedly classifies humanity under two heads only, God or devil. Humanity became his god; the system under which it lived, moved, and had its social being was the devil. Capital and capitalists were the devil's agents and instrumentalities, working and forged in an Inferno. Withal, he had a strong human sympathy with both labour and capitalism, inasmuch as he regarded labour as the innocent victim, and capitalists as the unconscious high priests of the human sacrifices they were inflicting on Society. In most men, this temperament is a more or less conscious form of hypocrisy and cant; a more or less conscious personification of Satan going about clothed in an angel's garments and reproving sin. In many men it runs riot in vapourings of insensate rant. Lane's sincerity purged all his writings from any taint of the former; his literary power from all evidence of the latter. He had all a Booth's or a Manning's sympathetic observation for the miseries of a section of society, without a scintilla of discriminative power in classifying their origin or prescribing remedies or palliatives. He saw some things in clear dry light, and then wrote red on all of them.

It is a common and often inherent weakness of the journalist, that by reason of the medium in which he works, he can, as such, leave no permanent mark on contemporary literature. He is an impressionist by necessity. When not a skilful impressionist he is either a vivid observer or recorder or a mere machine. The essence of impressionism is heat and rapidity of thought Truth does not always lie at the bottom of the well. It floats often in a medium as light and airy as itself. But heat the medium, and it immediately sinks in proportion to the rise in temperature. As Morley says in his essay on Burke, it will not reveal itself readily to either passion or prejudice. Lane, amongst Australian Socialists, possessed, with some supreme powers, almost all the supreme defects of his craft.

It is a proof, however, of his prescience, that, in order to give practical effect to the theories refining in the furnace of his enthusiasm, he recognised at once the initial necessity of capturing the Trades Unions and, through them, the workers' votes. The Trades Unions were to be the centripetal force, directing the sweep and circumference of that vote. It would require all the dynamic power of the former to produce some defined and set lines of motion to the latter.

At the time when he began to preach his gospel of Socialism, Trades Unionism in Queensland, as throughout Australia, was a somewhat conservative and professedly an eminently practical organisation, whose momentum the organised artisan class could, in cases of emergency, bring to bear against employers. It possessed statutory recognition, and within a sphere which it then regarded both as

legitimate and sufficient, had been granted certain corporate powers and privileges. It regarded these as sufficient to enforce its position in all or any emergency that was likely to arise. Should these fail, then the strike was the *ultima ratio*. And as in war, the victory would probably lie on the side of the best-equipped and best-organised battalions. It was a simple creed. Lane translated the word "simple" in its original, not its derivative sense. His aim was to show to the worker that he was a fool to rest his faith and hope on such a creed.

He wrote, he preached, and he stormed at the Trades Unions. He did more. He organised them in preparation for action, infecting, if not the rank and file, those whose services were the more effective, the leading officials of the various branches and trades, and the trustees of the Central Boards of Control directing the affiliated Trades Unions. He effectively changed O'Connell's war-cry of agitation into organisation. He advised, almost bullied, every Trades Hall official into becoming a recruiting sergeant for his new regiments. He showered pamphlets in thousands amongst them. He had agents in every centre of population. His weekly paper circulated in every mining-camp and shearing-shed in Queensland, giving expression to his views and objects. He founded debating societies and reading clubs amongst the workers; furnished them with leaflets and pamphlets containing the pith, and often the whole text, of such writers as Marx, Bellamy, and Bax. His genial magnetic personality drew hundreds of young workers, artisans, clerks, and many of the restless discontented enthusiasts in every walk of

life around him. He succeeded, to the very letter of his purpose, in establishing the best-organised band of workers in Australia, and probably in the world.

His next step was the founding of a journal, to be specially devoted to the cause of the worker, and to become the official organ of his newly inspired Trade Union battalions. It was called *The Worker*. It is the prototype of all its numerous successors. It was published in Brisbane at first monthly; but as soon as the ranks became thoroughly imbued with his aggressive militant spirit, it was issued as a weekly.

This is probably a fitting place to trace rapidly some distinctive features in that special form of journalism which has sprung up in Australia from the seed that Lane sowed. Lane gave to it its characteristic form and tone. His paper became partly a bureau of labour-socialistic information, and partly a pulpit-thumping drum, booming general denunciation. Except when identifying persons with systems, he never allowed criticism or exposure to descend to the depths of either invective or scurrilous personalities. He invariably presented his argument eloquently and often cogently, but his address to the jury, however *ad captandum*, was seldom personally abusive of the other side.

When he left Queensland to startle humanity from the wilds of Paraguay, he was succeeded by (that is, he named, with more than pontifical assumption, after the manner of all his class) Ernest Blackwell to the chair. Blackwell was as much superior in literary ability to Lane, as he was inferior in all the other qualities which are necessary to a successful journalist. Lane never knew when to

put the button on his rapier; Blackwell never knew when to take it off. Blackwell had to resign his place, as in a very short time the Frankenstein which Lane had called up was too powerful to be controlled by his appeals to reason, judgment, and patience. There was no room for a Frankenstein and a Blackwell in the same field. He was succeeded by W. G. Higgs, who inaugurated his reign by heading a procession of unemployed in Brisbane, which marched through its streets menacing order and the Government. There was then no particular need for a Frankenstein to walk about in the flesh. Mr. Higgs subsequently became an Alderman of the City, a member of the State Parliament, and after Federation a Queensland representative in the newly created Senate, and its Chairman of Committees.

Under the régime of W. G. Higgs and his successors, *The Worker* became a mere sheet of personal invectives. There was only one question and one side of it in its judgment. Lane and Blackwell, within available limits of their journal, while never presenting the details, frequently presented the points both of the other side and the other view. It sometimes happened that, under judicious selection, only the weaker, or the less important issues in the other side's case saw the light and were discussed. But their successors possessed no such nice scruples. Where suppression might not serve, distortion was the invariable and very useful handmaiden.

Socialistic journalism throughout all Australia has passed through all these intermediate stages. Where it cannot in decency distort, it can always suppress an argument and its essential terms.

In this form it is popular in a large circle, and the journals have a very wide circulation. They had special endowments from ear-marked contributions from the various affiliated Trades Unions. Most journals "play down" to their medium. When the medium is also the heart of "supply," the very worst features of modern journalism have the fullest play. They who pay the piper have the right to call the tune.

In waters where no light ever enters, the fishes are blind. In the mining-camps, the shearers' sheds, and the scattered outposts of closer settlement, where a daily journal cannot circulate, these weekly Socialistic newspapers circulate in thousands. Often the only echoes of the progress of civilisation and development which reach their ears are inflamed jeremiads against its corruption and tyranny. The other side of the question is seldom presented to them. Almost every mining centre in Australia is now represented both in the State and Commonwealth Houses of Parliament by a more or less avowed Socialistic representative. Every vast grazing area has a Socialistic deputy in Parliament. The miner has been taught to believe that the mine should be his own, or largely his own property. The shearer is bidden to think that while God made the earth, no man has a right to be its landlord. Hence there is a coincidence so strikingly close as to suggest the absolute identity of cause and effect between the two facts—the characteristic representation of the electoral districts and the quality of the political gospel, which is, to a great extent, their only mental food. On the social and political aspects of questions there is thrown but one light—one

limelight—which is skilfully manipulated by the editors and writers in these Socialistic organs. If the readers are not completely blinded, their vision sees things only in the colour of the medium through which they are presented to them. Further than that, it may be said with sufficiently relative accuracy that, with two or three exceptions, the only successful weekly journals in Australia are the Socialistic sheets. And making but one exception, the only successful weekly journals (outside Society journals) in Australia, not dependent on their original daily issues, are the organs of the Socialists. Their press is almost omnipotent within the orbit mentioned. Lane foresaw this result. He, at any rate, was consciously working it out as cause and effect. Every Socialistic journal in Australia is moulded on his original pattern, and is indelibly marked not only with his original impress, but with his original impressionism. Almost all this literature is written in capitals, and intended to be absorbed as such. When future historians ever undertake the task of analysing and assigning the causes and effects and course of the phenomenon of Australian Socialism, Lane's writings in *The Worker* will be found the *fons et origo* from which all further and subsequent explorations must begin.[1]

These Socialistic newspapers are the direct progenitors of another class of newspapers, only to be found in Australia. Socialistic newspapers combat the effect of their opponents' replies by that most effective of all weapons, suppression ; or where suppression is not wholly possible, by ingenious or malicious distortion. They avoid—often scrupulously—the

[1] He wrote under the pen-name "John Miller."

letter of mendacity; and are, as often, lamentable illustrations of the fatal effects of "the letter," as opposed to "the spirit" which quickens and illumines the truth. Their Socialistic offspring, however, carry on a guerilla warfare tempered with no such limitations. The Socialists, while disavowing any official connection with, or responsibility for the utterances of these newspapers, gladly avail themselves of all the advantages and positions to be gained from the results of this guerilla warfare. The weapons of these guerilla allies are only two: personal vilification and straight out mendacity. The Socialistic newspaper has, as a rule, some misgiving about the "sin" of this kind of act. The guerilla boldly proclaims and acts on the motto, "Pecca fortiter." Naturally, if lying is necessary, then it had better be done boldly and thoroughly. And, as the end of their warfare is the extermination, politically, of all their opponents, it is no moral or other offence to use an immoral means to attain that end. Hence there has sprung up a semi-detached Socialistic journalism, whose existence depends on stimulating and then satisfying a natural appetite for sensational personalities. This journalism bears the same relation to Socialism that the Bazi-Bajouks bear to the Turkish regulars. Their particular work is the political rapine and plunder of every decent reputation and work earned or done by any man who is not willing to remain silent or become blackmailed under the threatened fire of their artillery of mendacity.

It is a remarkable parallel that a somewhat similar bacillus has attacked democracy in America. Under the threatened lash of exposure of a real, and, if

necessary, a fictitious past, many an able man has been driven from public life. Many of Australia's best intellects are, through this scarcely veiled terrorism, deterred from taking any participation in it. And yet, some of the owners and writers of these sheets are notoriously miniature Catalines.

In order to stimulate a circulation, these journals, when not engaged on their peculiar purple patches of personal biography, are mere weekly scavengers of the garbage of certain species of police and divorce court cases. The drift often rushes into the cult of pornography. Others display a remarkable ingenuity in covering over the collected garbage, public or private, with very thin ice and then skating over it fantastically and exultantly for the benefit of Saturday and Sunday reading. Both the Socialistic journal and its guerilla brother are violent and aggressive custodians of all the liberties and the consequent virtues and progress of the people. The one stops short at matters of public interest, the other carries its hypocrisies right out to the open sea of pornography.

As advertising sheets for a certain class of medical practitioner, and the literature of his craft, the guerilla publication is invaluable, and the result of the two journalistic allies' work is, that they enjoy together by far the largest weekly newspaper circulation in Australia. And "oh! the pity of it."

Reverting to the original impulse towards Socialism, Lane having founded *The Worker* began his campaign for the solidarity of Labour into one vast Trades Union. Trades Unionism had for him, as it stood then, the taint of Conservatism about it. The Trades

Unionist was generally a well-trained and often a well-educated mechanic. He had to serve his apprenticeship and training to his trade. He had the right not only to labour at, but to be taught all the "secret" art—that is, the technique of his trade. He paid for this, as often by a direct premium as by a wage deduction from the increasing skill value of his labour. Every Trades Union apprentice was a possible future employer. They formed, however, an infinitesimal fraction of labour, and as such were utterly useless, if not an impediment to Lane's ulterior purposes.

He proceeded to the general conversion of Trades Unionists and the ultimate amalgamation of all manual labourers, both wisely and warily. To the Trades Unionist he addressed the argument, that the employer was the natural enemy of the employee. To the labourer he paraphrased the appeal in the form that Capital was the natural enemy of Labour. He fought down all opposition and dispelled any lingering distrust or hesitation on the part of the Trades Unionist, by proving that the latter's case was only a species of the same genus of social tyranny, and was included in the former's grievance as well. He exhausted all his rhetoric on the theory that the wage-earning system was only a disguised—and the more successful because it was disguised—form of slavery. He insisted that the State was the only possible equitable employer, as it had no interest in sharing or taking anything beyond the cost of production from the labourer. And so on through the weary and worn theories of the ages. The labourer heard it for the first time in Australia, and it had all the fascination of a new gospel. He could easily realise his theories, if only the two branches

of skilled and unskilled labour would so unite as to be instantly available with all its overwhelming power at the ballot-box, at every political or financial crisis.

Lane was careful to point out to his disciples and followers that such an economic revolution could not be instantaneously brought about. The Trades Unionists met him with this dilemma. If they were not to realise some immediate benefit by some decisive step in the immediate present, his Socialism, as it would benefit posterity, should be held over for posterity. Lane met it by pointing out that if the control of the ballot-box resulted in giving him control of Parliament, he and his followers would compel Parliament to take some decisive step. He parried the necessity of explaining in detail the ways, means, and precise form of his proposals by alleging that when Parliament saw Labour united, it would, of its own volition or timidity, initiate the necessary legislature. If it would not do so, they could compel it to do so, but in any event he was willing to undertake the responsibility of proclaiming Labour's ultimatum, "Socialism in our Time."

This became the "motto" of his newspaper.[1] After some hesitation he succeeded in founding "The Australian Labour Federation," which included every form of skilled and unskilled labour. The Trades Unions now furnished the officers for Labour's battalions. The shearer, the wharf labourer, the carter, the butcher, the baker (and right through to every possible combination) joined hand in hand with the more aristocratic iron-moulder, mechanic, engineer, and the rest of the divisions of skilled labour. In this way the Trades

[1] It was subsequently removed from its position over the "leader," in order, probably, to lull suspicion.

Unionists of Australia were captured by Socialists. They were to be the masters ; the Socialists the servants. As soon as Labour—*qua* Labour—went to the ballot-box, the Socialists became and have since remained the masters; the Trades Unionists became and have since remained the servants. Lane clearly foresaw this result. He knew from the outset that the Trades Unionist, when the glamour of the State wage proposals seized upon him, could not halt. The Trades Unionist regarded the scheme as a new and ingeniously constructed weapon ready for immediate use, as between him and his employer, without any interference on the part of an intermediary. The Unionist was tempted into the belief that, though it might be dangerous to try in the economic field the experiment made by the owner of the golden goose, yet the size of the egg might be gradually increased under Lane's patent food, and the laying of eggs would be more rapid, and the whole clutch soon belong to the worker.

Lane succeeded at every initial stage of the "game," and as he began it, so it has continued right down to the present time in Australia. Roughly speaking, it took him about five years to organise his battalions and prepare for the plan of campaign, from 1885 to 1890. He was then in the position of a Bismarck. He had but to provoke capitalism to a declaration of war ; and to be careful only of the time, opportunity, and reason for the declaration. There was a cauldron brewing; the witches were busy at work. Lane, like Macbeth, consulted with them long and earnestly, and, like Macbeth's, the inspiration ended in his complete ruin, personally and politically, and landed Australia in an era of class strife which has continued to the present hour.

CHAPTER II

THE ECONOMIC THEORIES OF AUSTRALIAN SOCIALISM IN THE EARLY STAGES OF THE MOVEMENT

It is now the fashion with some Australian Labour Members of Parliament of to-day to deny their attempts at revolutionary changes in society in its economic government. An example will illustrate how dexterously this attitude is posed and varied for the benefit of the public. A parliamentary party of Socialist representatives, accompanying a couple of professing (but by no means practical) Socialist Ministers of the Crown, left the metropolis of one of the States to open a general election campaign. A shuffle in the Cabinet had caused a readjustment of parties and portfolios, and the question for the State was, would it ratify the policy and *personnel* of the composite Cabinet. The party left the metropolis in specially reserved railway carriages, accompanied by a bevy of reporters and a considerable sprinkling of electioneering managers. The Socialist Ministers and their parliamentary supporters started out from the metropolis arrayed in all the appearances of a well-dressed party of commercial travellers. The ability to dress well is considered

the touchstone of their ability to push business well.

As the party approached their destination—one of their Socialistic strongholds—many of the parliamentary supporters and one of the Ministers (a representative of the town) shed their dark morning coats and black top-hats, and reappeared in light sac coats of any sort of cut, and in hats of soft felt or straw in all shapes and stages of wear. One Minister, in a moment of cynicism, explained to a friend that his constituents wouldn't know him from a stray dog with his black hat and long coat on; and if they did would probably associate a change of politics with his change of dress. It was necessary for him to preserve the personal appearances to which they were accustomed.

Alighting on the platform, they were met by an enthusiastic Committee of their supporters. The Minister was "Jack" to every one of them; his supporters were "Bill," "Tom," and "Harry." It was then evident that the honours, the allurements, and the temptations of political life had neither infected nor corrupted this Spartan band with even the outward signs of an enervating luxury. The laughable pity of the situation is the conscious humiliation and hypocrisy of the servitude.

This is exactly typical of the whole public attitude of the Labour representative to Parliament. On the platform he is the raging lion of drastic reform; in Parliament he is a mixture of the sucking-dove in debate and the serpent in tactics. On the platform his predicates are all couched in the categorical imperative; in Parliament they are all confined to the

subjunctive indefinite future. On the platform his vocabulary of vituperation is a collection of lurid affirmative superlatives; in Parliament it is toned to the mere negative positives. There is no portion of his past texts on the platform but is to be taken to be read with the present parliamentary context. Quote the language of the text which has no other meaning but one, and you either misrepresent or misunderstand him. You are either to be severely blamed or warmly pitied. In escaping from the consequences of his platform position, he can make the shade of Proteus pale with envy.

So with the relation to the Socialistic programme. Lane built the edifice for them. The parliamentary Socialist representative is eternally bolting, buttressing, and strengthening it—on the platform; and kicking a plank out here, a wall out there, and patching and papering and caulking and repairing it all round—in Parliament. It is always "Non Possumus" on the platform; "Volumus" in Parliament. They have never departed from the original inspiration of the programme as laid down by Lane on the platform, and have never ceased apologising and explaining it (often entirely) away in Parliament.

Lane was not built that way. And because of that he was suppressed by the very party whom he created. His proposal to capture Parliament by the Trades Unions appeared for the first time in *The Worker* on July 7, 1890, and at a time when there was only one Labour representative in an Australian Parliament, as an avowed delegate from a Labour vote, Thomas Glassey, the Bundanba coal-miners' delegate to the Queensland Parliament,

whom subsequently the organised Labour vote expelled from Parliament, and has since practically ostracised.

Lane started his campaign on what appeared to be an eminently practicable and reasonable proposal: the founding of village settlements on suitable agricultural land. His advocacy of this reasonable measure was irretrievably marred by the evident intention of converting them into "village communes." His zeal for village settlements was only the outpouring of his political faith in Communism as applied to land. The Government of the day bowed to the storm of clamour which his proposals raised, and attempted to control and subsidise the movement. Notwithstanding Government supervision the "village" managers directed and governed the settlements on the lines of Lane's Communism. Every settlement began with all the elements and powers of self-government and self-regulation on Communistic lines. Every settlement had no sooner put the Communistic hoe and the Communistic seed into the earth than there sprang up discord, dissension, mutiny, and revolt in the ranks. The village rulers were mere ignorant mob orators or tyrants, it was alleged. Then the soil was bad, the seed was bad, the season was bad; the railways were too far away; and the Government, which was taking nothing and finding everything in the beginning, was a sweating combination of capitalistic enemies. The first practical step towards Communism ended in worse than failure—in a deplorable fiasco. As every State Government was induced to embark the taxpayers' money on this agricultural coddling, the fiasco cost the people not less (and

probably much more) than £100,000. It taught the Socialist, however, one lesson. The farmer is, of all classes, naturally the supreme individualist. Socialism or Communism must try its experiments on a more favourable field. Since then the farmer in Australia has been the irreconcilable foe of the Labour-Socialist movement. Both thoroughly understand their mutual relations now.

As it may be easily inferred, not even Australia was prepared for Lane's Communism as revealed in his theories for building up village settlements in Australia. The supporters of the economic theories of co-operation presented, and presented very strongly, their alternative proposals based on strict business principles. This great movement, which sprang from the successful handling of a co-operative hand-barrow of goods in a humble shop at Rochdale, in England, had justified some of its theories and hopes by its enormously successful development. There was nothing in Australia to prevent Socialists becoming co-operators in every form of production and distribution of wealth amongst themselves. Why should they not co-operate?

Lane saw the danger of the position. He summoned to his assistance all the forces he had created. His paper, *The Worker*, teemed with denunciations and warnings against the evident weakening in the ranks. "Profit-sharing is Bunkum," he wrote on July 7, 1890. "Interest averages to scoop up all the difference between what the earners earn and what they get."

In subsequent leaders he endorsed all that Karl Marx had written against capitalism.

"When Labour owns capital and conducts industry for its own benefit, then will perfection have been reached," he wrote in a subsequent issue. He defended the right to seize capital in those words. It is "of right that capital is ours, because we created it, and because we have been robbed and cheated of it," he said. This was the first shadow of the cloven hoof of confiscation, which has never entirely disappeared from some of the Australian Socialistic platforms, however it may be concealed under the folds of parliamentary necessities or expediency.

In 1890 the whole of Labour in Queensland was practically organised into one machine-like body—the Australian Labour Federation, commonly known as the "A.L.F." In this body the shearers and wharf labourers were the most numerous, the wealthiest, the best-organised and best-equipped branches. Wool was then, as it is now, the principal article of export, and, from a wealth point of view, the basic product of Australia. There were but two operations needed in its handling here. One, at the stations (called "ranches" in America); the other, at the ships' sides at the various ports. The significance of the massed combination of these two bodies was as palpable as the massing of hostile troops on a frontier. Owing to droughts and the falling prices of wool, the pastoralists had succeeded in lowering the shearing rates of pay, and successfully held the right of selecting shearers from the ranks of Unionists and non-Unionists at their own discretion. It was evident to the Australian public that there was going to be a battle, *à l'outrance*, between the shearers and the pastoralists. Lane had prepared for every initial move in the game, and by providing

for a war chest and completing the equipment of his battalions, made it evident that if the struggle did come, one or both of the parties would be "bled white."

The Australian public, in anticipation of the conflict, suggested various methods of intervention, since the pastoralists had anticipated and prepared themselves for the conflict.

Arbitration was proposed, and it was strongly urged, considering the magnitude of the interests, not only private but public, that would be involved in such a long-continued and far-reaching campaign, that the Legislature should interpose, by way of preventing it, with statutory provisions for a general Compulsory Conciliation and Arbitration Bill.

It is a striking coincidence that on legislative enactments of that kind, and with such a purpose, Lane took the same attitude as all opponents of such measures have since argued and maintained. He would have none of it. The Legislature had no such place in any such form of intervention. And clearly so, for the reasons which he had so often laid down. The wage-earning system was to him only another form of slavery. But this was a proposal to make it perpetual by Act of Parliament. He strenuously urged that the parties to the differences could easily and very properly meet to settle them. If they (that is the other side) were only reasonable, and would concede everything (or something), it was as clear as an axiom that there could be no dispute that could not be easily settled. The shearers were willing to meet the employers. They had their terms ready. They were embodied on their "Slate." They would protect the pastoralists from their own "blacklegs"

by refusing to allow the wool of any pastoralist objecting to the "Slate" to be shorn or shipped. They would treat non-union wool as infected, and put it in quarantine. He argued that the shearers and all other workers could and should confer with employers for such purposes, until such time as the Legislature was prepared to deal with the wage system, by establishing the principle of State Socialism in the form of taking over and owning all the industries for the sole benefit of the workers in them.

On this subject he wrote:—

> They (the pastoralists) will get a voluntary agreement for two years, *not to be enforced by any law or any policeman, but by a sense of honour among the organised workers.* They will also have the assurance that if they cannot cut wages against a business rival, no business rival can cut wages against them. . . . This can be done with the Slate alone. *All other forms of arbitration and conciliation were capitalistic dodges.*

The honour among the organised workmen! What a bitter comment is the natural (even if blamable) attitude of organisations towards such compulsory methods of settling wages, adopted and invariably acted upon since they received the form of Acts? Lane was honest if mistaken. He believed that a sense of honour would bind them, as it certainly would have bound him. And yet, withal, how true! The legislative enactments have proved as ineffective, or at least as delusive, to the worker as if they were intended to be "capitalistic dodges" to delude and entrap the workers.

The "Slate" proposal of Lane's was a remarkably easy and fair one—on the "Slate." It was this: A

Labour Federation was to be appointed to represent Labour, and to meet the representatives of Capital at a Conciliation Conference. To this Conference a "Slate" was to be submitted, containing the terms proposed for all grades of workers, for a given time. Both parties to confer on the terms, and, when agreed upon, any one infringing the terms to be crushed out by the combined pressure of Labour and Capital.

The proposal was not adopted, and subsequently a gigantic strike, involving the whole of Australia in a species of mercantile anarchy, resulted. The history of that epoch-making strike will be dealt with in another chapter. The beginnings of that storm are introduced here only to show its bearings on the teachings and the methods of Lane.

CHAPTER III

THE CONFLICT BETWEEN LIBERALISM AND SOCIALISM

THE Liberals of Australia, like their political compatriots in England, have ever accepted the maxim that the advancement of the interests of the worker, so far as they can, legitimately and profitably to the community, be the subjects of legislation, is as much the work of Parliament as the advancement of the interests of the merchant or the manufacturing classes. The differences between them and the Socialists (differences involving the very greatest margin for disagreement) lie in the application of it to the business and welfare of the community at large. The Tory will not admit this as an axiom, and will not act upon it except on compulsion from the ballot-box. The Liberal is, by reason of his Liberalism, thus enclosed within two zones of fire. He has to resist the reckless onrush against the established order of things led by the Socialists, and to weaken the apathy or break down the obstinacy of the Tory against any obligation to consider any modification or reconstruction. And all this at the peril that for any slip or mistake in the process of any form of modification or reconstruction, he will be shot from the

rear for going forward at all, or shot from the front for not going far enough.

The Liberal party in Australia has never refused to consider tentatively, and as often experimentally, ways and means for many kinds of social reforms. Amongst the Liberals seized with the justice or necessity for reform was Sir S. Griffith, who in 1888, and as leader of the Liberal party in Queensland, drafted and introduced a measure which went only as far as its "first reading." It was a mere declaratory measure, attempting to define in the form of a Bill the abstract rights of labour and the duties and responsibilities of property. It was a mild reflection from the theories of Henry George, and followed or preceded a gigantic alteration in the principles of land administration, framed largely upon, or designed to bring into effect some of that land reformer's theories.

Lane hoped that the Premier (Sir S. W. Griffith) might become again (1890) a mediator and be driven back on his former theories. The Premier had, however, profited by his experiences of the past, and gave a strong indication that the Legislature would and could do neither more nor less than preserve order, if the extremists forced the position. Lane exhausted all his rhetoric in denouncing not only Sir S. W. Griffith's alleged abandonment of the old Liberal cause, but the whole Liberal party as well for their betrayal of the cause of Labour-Socialism. Speaking on what he alleged to be Sir S. W. Griffith's treason, he resurrected his almost forgotten Elementary Property Bill; he denounced his departure from that old policy by declaring that the Premier had attempted two years previously to declare, by an Act of Parliament, "That

every person is entitled to the fruits of his labour; that natural opportunities should be open equally to all; that life and liberty are equally the right of all, and that positive law may modify natural law for the common advantage." Lane could not see that the difference between himself and his party and the old Liberal party lay in the practical application of these principles.

It was upon such lines, and for similar reasons, that every Liberal party in Australia broke irreconcilably away from any complicity with the policy of the Labour-Socialist party. The severance was gradual and often resulted in bitter recriminations. Lane fought the loosening allies with his usual vigour, and pursued his hostility with unappeasable rancour. The position required definition. In order to define it he proclaimed that it was necessary that politics should be divided into two camps: those with and those against Labour-Socialism. He would have no half-way house.

As usual, he left no room for mistake as to what this position was to be. It was the original declaration of war by the Labour organisations in favour of Socialism against every other political party and system in Australia. It was, and is, whether disguised or paraphrased, or stripped of every verbal quibble and apology, the inspiration and objective of all Labour politics. In these terms he defined the position :—

> Clearly, then, the only political action Labour can take is directly to attack the competitive system, and openly commence a campaign which will not cease till capitalism, that is, the private holding by a few of the means whereby all must live, is no more. The Australian Labour Federa-

tion, as the most progressive body in Australasia, and perhaps in the world, cannot do better, if the General Council favours political action, than put forward a political platform which will draw the line clear and straight between those who are for and those who are against it, which will definitely declare to all the world what Australian Labour is after, and how it proposes to get it, and will give birth to a new party, between which and both the old ones a great gulf will be fixed. . . . But if the political action of the Labour Unions is avowedly for the possession of the means of labouring by the State for the merging of the rival claims in a reorganised Society, in which every worker shall be a capitalist and every capitalist a worker, and in which none have the power to take advantage of another's necessities, many a heart-sick employer feeling humanity striving within him will come to join, either openly or secretly, in the fight to overthrow the wages system, to idealise Labour, to conquer want, and hate, and greed, and vice, and establish peace on earth and good will among men (*Worker*, August 7, 1890).

The Trades Unionism of Australia was startled at this hint of a declaration of war against capital and the employers. It was a declaration repeated again years afterwards (February 1905) at Sydney by the Federal Labour leader at a meeting of the New South Wales Labour Federations; a plain declaration of that political principle which is (covertly or openly) the basic and guiding inspiration of Socialism throughout the whole civilised world. That political principle is, the nationalisation of all the means of wealth-production and exchange. Lane's declaration of war in August 1890 is the identical war-cry of Christian Watson, the leader of the Labour-Socialists in the Commonwealth Parliament, repeated by him in February 1905, at Sydney, New South Wales.

There is this difference, however, between the positions. In 1890 the Trades Unions were not prepared to accept Socialism. An Intercolonial Trades Congress was held in Sydney in the year 1890, and during the same month in which the policy of Labour Socialism was laid down in *The Worker* by Lane, the Congress repudiated Lane and all his work in that direction. By 1905 they had travelled much further. He had enmeshed all the Trades Union bodies in Queensland, and foresaw that a similar dilemma, which he had presented to political parties in Queensland, would soon be presented to the Trades Unions and all other political parties throughout Australasia, with a probability of ultimate similar results.

Notwithstanding this plain rebuff at the outset from such an influential body, he persevered in his campaign, with the utmost confidence in its ultimate success. Commenting on his apparent defeat, he said (*Worker*, August 1890):—

> It has become the duty of Queensland to urge the older sections of Australia to take up the good work and carry it on, till from Torres Straits to the Great Bight, from Maori Land to Perth, a quarter of a million of Unionists move as one man for the common Labour cause. We have all agreed, and have been most right, that Queensland leads. The future of Labour organisation in Australasia depends now upon Queensland, and she will not be Queensland if she does not show that she can realise her responsibility and do her duty, whatever the personal cost may be.

Events, both political and financial, were hastening to a crisis, which would compel a recasting of the

whole financial basis of Australian credit, public and private. Public credit was based largely on a loan policy, which in parts was a close parallel to the old "panem et circenses." Australian finance consisted to some extent in placating constituencies by lavish distribution of public loan money. From 1880 to 1890 "The Great Loan Industry," as it was satirically named by one of Australia's best financial authorities, was the only one that was progressing "by leaps and bounds." Private enterprise had fast ascended into the higher regions of feverish speculation. At this period (1890) every great financial institution was driven to test the quality of its foundations, and found that they were resting on sand. No "bluff," no whistling to keep up courage, could allay the public alarm. The barometer of the money market was beginning to fall rapidly from the "fair" to the "stormy" point. With bated breath it was beginning to be whispered that many of the banks and almost all of the land company proprietaries were hopelessly amongst the breakers. Nothing could save them but one of Australia's marvellous bursts of recuperative power. A succession of partially good seasons was unequal to the task of restoring the balance between debt and production. Should a crash come, then the stars in their courses were fighting for the Socialistic Sisera.

It is not within the province of this work to trace the origins and history of that financial cyclone. But the fact itself is of importance, as it almost exactly synchronises with the rise of the anti-cyclone of Socialism. Just as the story of Jenkins' ears forced England into an unfortunate war with Spain, much

against the will of Walpole, so when the financial crash struck Australia, the newly-born Socialism found an infuriated public ready to avenge itself by any means at its hand. In such moods the public mind fastens on a policy of revenge first and reconstruction afterwards—generally a long time afterwards.

Lane, and the creature of his hands, the Australian Labour Federation, were well informed of this coming crisis. Acting on his advice, Queensland, notwithstanding the rebuff from the Intercolonial Trades Congress, led the way to revolt from the old political order and the old methods of repairing public and private wreckage. Shrinkage of public and private credit led to wholesale public and private economies. This, in its turn, was followed by widespread distress. A fortuitous coincidence was sowing the seed in the field which Lane was industriously ploughing ahead of it. In order that there might be no mistake in the "objective" of his policy, he now boldly advanced the proposition that no permanent amelioration of the evils of society could be found except by its reconstruction on the lines of the prose-poems of Bellamy. The A.L.F. under his guidance founded a library of Socialistic literature, in which Bellamy and Marx were the Bible and Shakespeare to its new recruits. Thousands of leaflets were distributed to all its branches. *The Worker* teemed with panegyrics. Lane showed that the Australian Labour Federation was deliberately forming and preparing for the next compaign a new political party, whose watchword was to be the gospel of Bellamy.

In September 1890 he wrote, summarising Bellamy's

work, which was then running through *The Worker's* columns :—

> In *Looking Backward* he [Bellamy] preaches to the whole world the truth which reached him through others ; and those who do not quite understand the political aims recommended by the General Council [that is of the A.L.F.], which have been the political aims of all progressive Labour men since the Chartist time and before, cannot do better than read *Looking Backward* through, and see their aims realised in Bellamy's convert-making book.

Further on he added, by way of reducing his political ideals to a sharply concentrated principle, and in language too simple to admit of the possibility of misconstruction :—

> The effect of the nationalisation of the means of production and distribution, and of the conduct by the State authority of all production and all exchange, would simply be to enable us to produce for use instead of for profit.

It is therefore impossible, in the face of these extracts from contemporaneous written history, and from documents signed, issued, and published by the founders of the Labour movement, now to deny that it was conceived in the spirit of that Socialism whose intent is to capture political government and to enact as law the political and economic theories of Marx and Bellamy. Lane, though in a manner a perverted genius, was anything and everything but a hypocrite : he hated hypocrisy. The wreck of his life and fortunes in the wilds of Paraguay was the direct result of his refusal to palter with that thing which was to him the only really " unclean beast." His soul beamed clear as a star, whatever may have been the nature of the medium through which it shone. He

never made a personal enemy in all his long and stormy career. Truth to him was not only the substance of society, but the cement which bound all aspects and interests of life into one fair and solid edifice. He had a genuine love, which gradually burned into an all-absorbing passion, for the welfare of the people. It is little disparagement to his ideal that his definition of the term "people" was viciously narrow and limited.

In his house there was only one mansion. But his passion for the welfare of the people was surpassed only by his passion for truth. He was the arch-Girondin of Australian Socialism, and, like the Girondins, when the time came for him to break away from the incapacity, intrigue, and recklessness which beset the movement from the very first hours when his political creatures entered Parliament and breathed its dangerously seductive airs, he marched to his fate with the resignation and firmness of a Roland. He quitted Australia, his lips unsullied by any reproach against his former allies and associates; his heart still burning with bright hopes for the inauguration even in his lifetime of a new era. He would show that the golden millennium, when not only the lion and the lamb, but even men themselves also, would lie down together in peace, had risen on the horizon, if only we would go out and bravely meet it with welcoming arms. If any uneasy suspicion lurked in his mind or tinged the current of his aspirations with the impending gloom of hopes fated again to bitter disappointment, he never allowed it to appear on his face or in his inspiring appeals to his followers. Socialism in Australia produced only one Lane, and with him all

pretence of earnestness or sincerity in its propaganda departed. It degenerated at once into a mere machine for acquiring political power or office, and where it is not the author, it is the engine or the tool of every crisis and intrigue in Australian political life.

When Lane called upon the Australian Labour Federation to lay down their political gospel, they had a choice of two alternatives, either to allow Trades Unionism to remain in the slough of political apathy, in response to the expressed opinion of the Intercolonial Trades Congress held in Sydney in 1890, or boldly to proclaim that if the Trades Unions would not appeal for political power to the Labour vote they would do so on their own initiative. They chose the latter. They summoned all their Queensland branches to a meeting in Brisbane, in the month of August 1890. The meeting took the form of "The First Annual Session of the General Council of the Australian Labour Federation." The parting of the ways had come. Would they issue a political manifesto and make their first bid for political existence and as a dominating factor in actual politics? After long-continued deliberations and consultation with the affiliated branches they decided to do so, and thereupon issued the following Platform :—

The Political Aims of the Federation

1. The nationalisation of all sources of wealth and all means of production, distribution, and exchanging of wealth.
2. The conducting by the State authority of all production and all exchange.
3. The pensioning by the State authority of all children, aged and invalid citizens.

4. The saving by the State authority of such proportion of the joint wealth and production as may be requisite for instituting, maintaining, and increasing national capital.
5. The maintenance by the State authority from the joint-wealth production of all educational and sanitary institutions.
6. The just division amongst all citizens of the State of all wealth production, less only that part retained for public and common requirements.
7. The reorganisation of society upon the above lines to be commenced at once, and pursued uninterruptedly until social justice is fully secured to each and every citizen.

CHAPTER IV

THE FIRST SOCIALIST PROGRAMME BECOMES A POLITICAL MANIFESTO

THIS revolutionary platform, which was a clear declaration that the Australian Socialists desired, at one bound, to come level with European Socialism, raised a storm of protest which has ever since raged, and in a manner devastated the fields of politics, both in the State and Commonwealth Parliaments.

The question at issue was this. The Australian Labour Federation had now definitely decided to capture Parliament by means of an organised Labour vote. Would Labour vote Socialism? There were two difficulties in the way. In the first place, public opinion was "dead against" Socialism as defined by the manifesto. In the second place, few representatives of Labour could be found who were prepared to risk election contests on the principle of swallowing the "whole hog" platform. Except where the Trades Unionist vote in Queensland and the other States was numerically so strong or so well organised as to ensure a majority vote, it would have been madness to adopt the "whole hog" method of attack.

This Labour Federation, in a manner characteristic

of the whole tactics of their subsequent policy, evaded and disguised this issue. They declared that immediate realisation was not thought of—was not possible. This landed them at once in a difficulty with their Unionist supporters. "Why," they asked, "should we support your political campaign, if the objective of the campaign is neither possible nor realisable in our time?" Lane supplied the answer. He wrote in *The Worker*: "In one year a people's Parliament will give Queensland workers more justice than can be wrung from capitalistic Parliaments in a generation." The dilemma which he presented to the mutinous Unionists was in effect this: "You can get immediate instalments this way. In any other way, you stand to get nothing." The story of the little boy, the nuts, and the narrow-necked jar had not been written in vain.

It was not so easy to placate the Trades Unionists. Their Secretaries or Boardsmen were certain to be the accredited candidates at the next political campaign. Such a programme was as dangerous as a badly constructed bomb, which might explode at any moment while its holder was in charge of it. They declined to face the public with such a bomb in their hands. Some safe vessel must be found in which to carry the bomb secretly. Once in position and with an opportunity, they could produce the bomb with more certain and deadly effect.

This was the beginning of the rift between the Labour Federation and Lane, who, good hater as he was, always hated even the semblance of deceit from the very bottom of his soul. Like all enthusiasts he dearly loved a direct frontal attack. He was overborne. The next step was to manufacture a fitting

disguise for the manifesto. The Federation thereupon issued a document called "The People's Parliamentary Platform." Their first document, it will be remembered, was entitled "The Political Aims of the Federation," whose articles have been set forth at p. 38.

"The People's Parliamentary Platform" was, on the contrary, the mildest of documents. It was a springe to catch the Trades Unionist woodcock and to gull the public as well. Its declarations were:—

1. Universal white adult suffrage for all parliamentary and local elections; no plural voting; no nominee or property qualification chamber.
2. State registration of all citizens as electors.
3. Provision for full and complete enfranchisement of the floating population. (This would apply to shearers and fossickers.)
4. All parliamentary elections on one day; a close holiday, and public-houses closed.
5. Equal electoral districts on adult population basis.
6. Annual Parliaments.
7. Abolition of veto. (This referred to the Governor's power to reserve a bill for the Royal assent.)

It is a proof of the strength of the original impress on Labour politics, that from that time the Labour organisations in Australia have always appealed to the electors of Australia with a double-barrelled programme. They always separate their political propaganda into two heads. Their first is called "The Objective," and corresponds in its main features with the original document issued by the Queensland Labour Federation, entitled "The Political Aims of the Federation." Their second is now called "The Fighting

Platform," and consists of a number of more or less platitudinous aspirations on political ethics. So much of it as is not of mere academic interest is directed towards such taxation schemes on property as will either gradually make its holding impossible, or pave the way towards its nationalisation. The second is a mere feinting demonstration to draw off attention from the stronger aspects of the first. Labour voters and Labour candidates may be now roughly divided into two classes: those who openly profess the desirability of the immediate realisation of the "objective," and those who regard it as a mere impracticable delusion; useful, however, as a bunch of carrots to make Trades Unionists act the part of the donkey for masking Socialists who desire to ride into Parliament.

CHAPTER V

STRIKES AND COMPULSORY ARBITRATION

THE appeal of the Lane Socialists to the ballot-box was preluded by two attempts to force the hands of the pastoralists. Two gigantic strikes were organised in 1890 and 1891, both of which failed. The strike in 1890 was confined largely to Queensland, but that of 1891 spread throughout the whole of Australia and New Zealand, owing to the fact that on the latter occasion the Association of Ships' Officers, which had affiliated with the Australian Labour Federation, on a promise of support from the wharf labourers and shearers, called out all their officers after the ship-owners had refused to grant an increase of their wages.

Both strikes were encouraged and "engineered" by the Australian Labour Federation, and were levelled at the wool trade, at the instigation of the Shearers' Union. If the pastoralists could be forced to yield to the "shearers' Slate," every other large industry could be brought down in detail. The maritime trade of Australia was paralysed, and with it every industrial operation was dislocated. The maritime strike of 1891 was the complement of the shearers'

strike of 1890. This 1890 strike, whose field of operations was for the most part (and most fiercely) fought out in Queensland, failed through the inability of the Federation to affect the Steamship Companies. But in 1891 they laid their plans, enmeshing the Australian coastal fleets, through the ships' officers' affiliation with the Federation. The pretext for the fight was a refusal on the part of the shipowners to grant an increase of wages to their ships' officers. The owners demanded that their officers should withdraw from the Federation before any conference could be entertained. The officers were encouraged to remain loyal to the Federation, which in the end would force the owners to yield, and so furnish the officers with an irresistible weapon for future attack. The whole of the Labour organisations in Australia pledged themselves to stand by the ships' officers, if they would come out. They promised that they would "jam every vessel in Australia to the water-side."

The strike was plainly the Federation's first move at realising by force their "objective" of State control of industries. An economic revolution was aimed at, and not the improvement in the working conditions of a comparatively small number of men. The latter was a mere pretext for a declaration of war. This turned public opinion against the Federation and their tools. Their organisations, however, were thoroughly well equipped with men and money. They marched as exultantly to the fight as the French troops from Paris "à Berlin." Like them, they met their Sedan on the way. The loss to the workers was staggering. No fewer than 50,000 were out on strike towards the end. They lost £15,000 in strike pay and

not less than £400,000 in wages, while the loss of business in Australia was estimated roughly at between four and five million pounds.

During the shearers' strike of 1890, Western Queensland and parts of New South Wales were under a reign of terror; the A.L.F. being as much the dictator of law and order there as the Committee of Public Safety in Paris during the Revolution. The A.L.F. issued passports for travelling. No man was safe until his passport was *visé* and endorsed by Union officials. "The King's Highway" was under their absolute control. The country was in a state of insurrection, and had passed into the hands of the shearers, many of whom were armed. The Government was compelled to call out the troops, and the western districts were practically placed under martial law. A spark at any moment would cause an explosion. Public anxiety for the preservation of life and property was strained to the fever point. Fortunately, the troops were well handled, and kept themselves under severe self-restraint. Outrages, fortunately unaccompanied by any bloodshed, were of daily and nightly occurrence, and the troops were busily engaged in rapid movements to protect the pastoralists' properties from attack. If the strike were prolonged and no rain fell, the firing of the grass would achieve what the strikers dared not do. Fortunately at this stage heavy rains fell. Water-courses isolated the strikers' camps and rapid travelling was impossible. It became known that the meetings of the Unionists were honeycombed with spies—some of these, police officials in disguise; others, Unionists in the employ of the pastoralists or the

Government. With the downpour of the heavy rains, and the consequent flooding of the country, the game had reached a crisis, involving the choice of one of two alternatives—either to throw up the sponge or to attack the troops. The latter was sheer madness, and the game was up.

Writing on the failure of this strike, Lane, in November 1890, issued through *The Worker* the following comments on the situation :—

> The world-wide current of events will not stand still because Labour has closed with capitalism and has got a fall. . . .
>
> From it [*i.e.* Unionism] political movements will spring and industrial reconstruction emanate; as in it, Labour finds its voice and feels its strength and gauges its ability. It is this loyalty which will put Labour men into Parliament, and make Labour reform possible, and render all attempts of tyrannical capitalism to stamp out Unionism impotent and vain. . . . The events of the strike have drawn the political line as they have never drawn before. . . . Henceforth, more and more the Labour vote will go to duly qualified and chosen Labour candidates. . . . For workers to talk of preferring individualism is a trifle inconsistent anyway. . . . True individuality, as true liberty, will come when every man can claim work as a right from the holder of all the means of working, the State; not before, and not a day before, do what we will. . . . Let us go back together beaten, but neither disbanded nor disgraced.

He here disclosed the fact, which the public had steadfastly refused to believe, that the "objective" of the strike was a step towards realising his dream of economic revolution. The Unionists themselves were scarcely conscious that Unionism was being dragged into Socialism. Some of the more thoughtful

deemed it necessary to pause. They spoke against this dangerous drift, insisting that trade and business were not within the sphere of Government, and in any event to put them under its control was but an exchange of one form of tyranny for another. Hence Lane's reference to their "trifling inconsistency."

The maritime strike in the early part of 1891 was a frenzied attempt to snatch a victory through a paralysis of the shipping trade of Australia. The weak spot in the armoury of the shearers' strike in the preceding year was the failure to make any break in the transportation of the wool. The pastoralists scoured Australia for labour to shear the sheep, and so the shearing was not materially interrupted. The casual labour of the cities was drawn upon to do the "lumping" at the wharves, and as showing the public indignation at the extremes into which the Socialists were driving Unionism, hundreds of clerks left their desks to join in the "wharf labouring." The Companies secured to those who left their desks their salaries while so occupied. As long as the ships ran, trade communication, though intermittent, was fairly well maintained. The Unions then planned the capture of the ships' officers, and having succeeded, plunged into a second strike, which involved the whole of Australia and New Zealand, and was perhaps the most gigantic strike ever organised within the Empire. Both strikes ended in disastrous failures, and woke up public opinion to the meaning of the "New Unionism" as interpreted by Lane and the Australian Labour Federation.

The *casus belli* in both cases was the demand for an increased wage. When the disputes arose, the

Unions demanded a conference of employers and employees to arbitrate and settle the points at issue. The pastoralists considered this demand to mean only a conference at the point of the bayonet. They steadfastly refused. The shipowners also refused any intervention of the Unions between them and their officers. On the face of it, the strikers' demands appeared to be remarkably fair, and the refusal to entertain a conference to determine the terms of settlement was regarded as an arrogant and tyrannical use of the powers of capitalism. Had the issues rested on the acceptance or rejection of such a reasonable demand, public opinion and sympathy would certainly have been thrown heavily with the strikers. For a time it did go with them, but when it became evident that the strikers were mere pawns on Lane's and the Federation's Socialistic chess-board, it became actively hostile to the Unionists. The minor issue was relegated out of consideration, in the face of the major issue directly involved.

After the strikes were declared "off," public opinion, however, raised again the minor issue—the right of the worker to at least a conference of arbitrators on all matters affecting trade disputes between amalgamated bodies of workers. This is the real source of that subsequent legislation in Australia which deals with Wages Boards and Compulsory Conciliation and Arbitration Courts. On the one hand, the employers in Australia, following the maxim of the old Trades Unionism, held fast to the policy of resisting any outside public interference between master and servant. They held that if the parties to the dispute could not come to a satisfactory con-

clusion, no outside body could enable them to do so; and further, that any legislative interference would be found in the long-run to be mischievous both to employer and employed. Lane himself was, in the main, as has been shown, in agreement with this contention. Another contention, in support of this position, was put forward at this time. The employers urged that increased wages simply imposed an additional burden on the consumers of products and the users of the services provided for the public. If employers and employees had a direct interest in the matter, the public had an equally direct interest in any such adjustment. But how could the public be represented at such conferences; how could their case be stated before any tribunal? No British institution could recognise the status of an "advocatus populi." And again, if combinations of workers and employers could meet and agree upon a uniform increase in wages from time to time, the public could have no legal status in resisting the enforcement of the bargain or settlement. This latter aspect of the question is one which is now pressing closely against the bed-rock principle of modern Socialistic economics. When the Trusts placate the Unions there is nothing to temper the wind of combination and corruption to the shorn public lamb.

On the other hand, the Australian public were deeply stirred at the possible consequences of even occasional recurrences of such gigantic strikes. Two strikes within two years had almost crippled Australian trade and industry. Enterprise was paralysed at the prospects of the immediate future for industry. Though probably the money loss was by no means

as great as had been suffered previously from similar strikes in England and America, yet, compared with the total wealth of the country and the gigantic sweep and rapidity of the industrial civil war, it may be doubted if the strikes were not the most startling exhibitions in all history of the terrible and pent-up forces of combined labour *versus* combined capitalism. The public argued and urged that the experiment, with a view to prevent any possible repetition, or at any rate to insist on conferences, would be found worth the cost of it. Arbitration and Wages Boards might be found to be a species of State "police" force promoting order and obedience. This idea has grown into an "ideal" with the Australian public, and the time has not yet come when it is prepared to admit that the experiment with compulsion in it, at no stage and in no form of its operations, has justified in the main the high anticipations placed upon it.

At the outset of the first (the shearers') strike, the shearers, through their Union, and apart from the affiliated Federation, presented their case to the pastoralists' representatives fairly, temperately, and with moderation. They desired that their case should be considered on its merits. They gave, apparently, the strongest guarantees that any agreement arrived at would be loyally accepted. "In any event," they said, "let us have a conference." The demand was clearly a fair one, and for a time a truce, with a view to settlement, was declared. But this was a mere healing at the surface, leaving the inner sources of the irritation unaffected. The vast majority of the shearers were Unionists, and it was found (or alleged) that, under the right of selection

of labour, the non-Unionist labour was being systematically preferred to the Unionist. In this way the Shearers' Unions, and every other Union, could be destroyed in detail. The whole principle of Unionism would thus be jeopardised. The Union demanded that pastoralists should undertake to draw their labour only from the Unionist ranks. In other words, they put forth, probably for the first time since the period of the mediæval Guild system, the principle of "preference for Unionists." At this stage public opinion, hitherto strongly in favour of the shearers' demands, turned steadily against them.

This demand, with the far-reaching consequences involved in it, opened the eyes of the public to the significance of Lane's propaganda gospel in *The Worker*. Was this what Lane and the Federation meant by the New Unionism, professedly Socialistic in its aims? Hitherto he had been regarded as a mere amiable enthusiast, possessed by a fad, more or less tainted with economic lunacy, and consequently more or less harmless. Had Lane organised more and preached and written less, he might have held the real issue veiled and masked, and so deceived or lulled public anxiety till he carried out his first *coup d'état*. He was too honest to do that. Unlike all his Australian descendants, he had not a scintilla of political ambition. He desired to make politics the handmaiden of Socialism, and not (as his descendants have done) to make Socialism the tool of time-serving politicians. He took the opportunity of the truce to denounce capitalism generally in the light of the particular instance (as he alleged) of its gross abuse of power. He could not resist the temptation "to

improve the occasion." He ran "Socialism" for all it was worth as the only possible and immediate regenerator of Society. The dispute between the shearers and the pastoralists was converted by him into a war between Labour and Capital; Labour being engineered, officered, and commanded by Socialists. The pastoralists seized the opportunity to take up the gage thus stupidly and recklessly thrown down. They refused to entertain the demand to abandon their right of choosing their labour, and further refused to recognise the Union in any form. On this war was declared. It was fought out in two campaigns, in both of which Unionism was decisively defeated.

These strikes were the forerunners of all that political strife which has since divided Australian political parties, and made our parliamentary legislation a species of laboratory in economic experiments. Economically, most of the legislation is more or less a search for Socialism's philosopher's stone. This legislation is based on the delusion that it can regulate the price of labour, and that economic law, like the individual citizen, can be controlled and bound by a mere statutory fiat.

Lane, however, never entertained this delusion. As society was based on the principle of individual ownership of property, he saw that this principle involved the acceptance of the "iron law of wages." He wished to alter this basic axiom of civilisation. His Socialism led him to declare the principle that all citizens should work for the common fund, irrespective of their capacity or the value of their work on the development of the community. His Communism led him to declare that the State should be the sole and unimpeachable

distributing authority. The failure of the two great strikes was, according to him, a triumphant vindication both of the futility of the war, under existing social conditions, against the "iron law of wages," and the necessity for capturing the Legislatures, with a view to the statutory abolition of the right of private property, excepting so much as was permitted to the individual by the State distribution of its surplus.

Australian public opinion was so deeply stirred by the strife and disasters of the strikes of 1890 and 1891 that it practically determined to take steps to prevent if possible any repetition of them. The grave danger of legislating on public opinion lies in the fact that such public opinion seldom takes a definite propositive form. In other words, whenever it is rightly formed, it is always somewhat academic in expression. Practically it said, "Why cannot Labour and Capital meet amicably in council and adjust its differences? Why should the community be raided to the extent of millions of pounds on account of the obstinacy of a few individuals on both sides?" These were the academic interrogatives. It replied to its own questions in an equally academic answer, "The Legislature must forbid either side to begin any such strife, and place all such strifes, if possible, outside of a possibility of recurrence." Having uttered its pious aspiration, it assumed a tone of dutiful righteousness, and walked on its way with a comforting consciousness of having liberated its soul of a magnificent moral formula. It wondered why social laws and human nature will not be compressed within the limits of pious legislative aspirations. New Zealand at once entered on the path of these academics, and was subse-

quently followed by other States, each fervently emulous of the other to give effect to legislative indignation against the folly and greed of Labour and Capital. As a consequence, the Commonwealth Parliament, when founded (1901), dared not lag behind in the race for supremacy in the expression of its form of indignation, and has since embraced the whole island continent under a comprehensive code of prevention, which is apparently as futile in effect as it is lofty in aspiration.

Routed in two such campaigns, the Australian Labour Federation at once devoted themselves to the task of capturing the Legislatures. Every affiliated branch in Australia closed its ranks in anticipation of the fray. It became evident that the old party lines were to be obliterated, the new cleavage separating public opinion according to its estimate of the necessity or value of the proposed economic revolution. The movement was met by a concentration of forces, and a more or less openly declared alliance between the Liberals, who were representative of the "small" man's interest, and the Tories, representing the large, landed, and monied interests. This alliance has always laboured under the defects of a purely defensive combination. A nation which is not prepared to take the offensive cannot long maintain the defensive at any effective point. It can but maintain its existence. The union of the Liberal and the so-called Tory parties is, in the politics of Australia, only a repetition of this history. Their Socialist opponents had always the centripetal attractive force of their "objective" to win and maintain both adherents and agitators. Every political party has its disappointed supporters and dissatisfied

aspirants to political rewards. In every Parliament House in the world there is a Cave of Adullam. When it is empty, the opportunities for filling it are always imminent. Now, for the first time, not only in the political history of Australia, but also in the Empire, the "cave" became permanently tenanted. Every State House found itself called upon to furnish the "cave" with seats, to label it distinctly as such in the topography of the House, and to grant it special parliamentary recognition. Whether or not the Liberals and Tories would play in that new gangway just added to the House, or extend political recognition to its occupants, was a question to which the "Adullamites" were absolutely indifferent, and which had been settled very satisfactorily without any deference to their allied opponents. The removal of the Socialists from the "cave" may prove a long and difficult task in Australia.

The next general elections following the strike of 1891 found every State House in Australia possessed by a strong and united "Third Party," which immediately sat itself in the "cave," proclaimed a lofty disdain for the political loaves and fishes, paraded its patriotism from every platform, and proclaimed the regeneration of its country from the tyrannous shackles of party despotism. By and through party government it sought to destroy party government. From its own party seats it pronounced the death sentence on all (other) parties.

It had won eighty seats in the State Lower Houses by 1893, after a two years' campaign, numerically about one-third of their voting power. This achievement has never been equalled since; but

happily for Australia, it will probably never be surpassed. It won this marvellous success by a direct frontal attack under the banner of "Socialism in our Time," and by the use of every weapon in the Socialistic armoury. It then made no disguise of its "objective"; and it disdained all manœuvring or strategy. It was an Ishmaelitish party, after Lane's own heart. He dreamed that if he could but get the Ishmaels of politics into his camp they could be disciplined and tamed to unquestioning obedience. Lane made the tremendous blunder, not of supposing that there was no such element as human nature in politics, but that all human nature could, with opportunities and under happier auspices, be subdued to a type as high and generous as his own. He had anathematised any attempt on the part of his followers to take office. They were to seek all power by refusing to take all or any power. But their leaders in Parliament could not be held in the leashes. Infinite opportunities either to make or unmake Ministries, or to make or unmake treaties or alliances, presented themselves. Human nature was too strong for the leaders. There is no difference between the despotism of the "cave" and that of the parties over whom it sits with watchful vengeance. If the leaders could not acquire actual power, nor bid for it, they were entitled to have the price of their political self-denial. The leaders put themselves up for auction for their own price. From 1893 onwards they were ever to be bought and even to be sold.

CHAPTER VI

LANE FOUNDS NEW AUSTRALIA IN PARAGUAY— HIS SCHEMES END IN RUIN

LANE saw that human nature, even in politics, would drag the party of his own special creation through the political mud. Demagogues were repeating the old Roman policy of "Bread and circuses." The iron of disgust entered into his soul. The airy castles of his gorgeous Socialism, though swept and garnished by his lofty spirit, were entered and possessed by more than seven others, and the last state threatened to be worse than the first. Publicly he uttered no tocsin of mutiny. He never openly rebelled against the crass weakness of his political party. But it was plain that he had lost confidence in it. He continued to preach with a nobility and fervid eloquence of protestation the original gospel. The application of it was too abundantly obvious. A slight mutiny against him was raised. Its primary object was to remove him from the editorial chair of *The Worker*. The report of this reached (as it was intended to reach) his ears. He met it manfully and squarely. From the editorial chair he issued his clear and unalterable declaration of his position. These "leaders" are amongst the

finest productions of his brilliant pen. He was willing to resign, if those who had put and trusted him there so desired it, but he insisted that they must do so openly, and for defined reasons. Without the fullest confidence, and the freedom which it necessarily involved, he would not occupy the seat one hour. His opponents never dared to meet him in the open. The mutiny was quelled. But, like Cæsar in the Capitol, when he saw Brutus amongst the assassins, all heart for further fight was gone out of him. Socialism, according to Lane's ideal, was not to be worked out in Australia. From the broodings of his anguished and disappointed mind the phantoms and visions of a Socialistic Utopia elsewhere flitted across his brain, and ultimately possessed him. He was to work them out, and become their wrecked and ruined victim, among the wilds of Paraguay.

In 1891 the Socialists won thirty-seven seats in the State Parliament of New South Wales. From a party they degenerated into a faction. The wildest squabbles that ever disgraced the intrigues and incapacities of the old political régimes broke out amongst them. Lane saw this passionate strife, heard the babel of their bitter recriminations and personalities, and probably asked himself whether he had not unwittingly sown a crop of dragons' teeth, whose progeny would devastate the very fields in which he had reared them all. He returned to Brisbane, disheartened, and to some extent disillusioned. Privately he let it be known that he would put to the touch of fate his Socialistic schemes in some other land. He, like Joshua of old, sent out a "spy" to find some favoured land for his experiment. His "spy," Alfred Walker, reported favourably on

Paraguay, whose Government was willing to give Lane and his followers the needed concessions and the liberty (with some reservations against political interferences) to work out their Communistic salvation. Lane embarked the whole of his own capital in the enterprise. He inoculated his brother, John Lane (then a highly trained and very successful and esteemed teacher in the service of the Queensland Department of Public Instruction), with his own enthusiasms. He appealed for support to all his former disciples.

In all Lane's enthusiasms there was a method. He started the "New Australia" movement with a business prospectus, issued on the usual business lines, and based on straight business directness. The office of the New Australia Settlement Association "Company" was duly registered as at Amy Street, Brisbane, Lane's private residence. He began his Socialism by a direct appeal to their individual pockets. His followers were required to pledge their Socialistic faith with an individual grant of not less than £50 to the common fund. He himself had contributed £1000 towards it, and though contributions might vary above the minimum, the whole land acquired and all its profits were to be owned and shared in common, and the proceeds, after paying Communistic expenses, to be divided *per capita*. It was co-operation, with the principle of sharing in the amount of contribution left out. There was to be no disguise about what he intended. He issued a declaration of the "Constitution" of "The New Australia Association." This was set forth in ten articles, really their ten commandments. It contained the following extraordinary declaration of one main principle of the Association :—

The maintenance by the community of children, under the guardianship of the parents, subject to the supremacy of the law of the State settled in, which all members pledged themselves to observe loyally.

The following articles were to be observed as the Constitution of the Association :—

1. Ballot vote of all adult members for supreme authority.
2. Director appointed by a two-thirds majority to be the sole executive authority advised by a Board of Superintendents.
3. Superintendents elected by two-thirds majority of departmental ballot to be sole departmental authorities subject to Director.
4. Departmental regulations to be confirmed by a majority of all adult members interested.
5. Disputes arising between the community and any member or members of it to be decided by an arbitrator mutually agreed upon by the communal authority and the member or members interested.
6. Disputes between members to be decided by arbitrator to be agreed upon.
7. Dismissal from the community for persistent or unpardonable offence against the well-being of the community to be decided only by five-sixths majority of all adult members.
8. All offices to be vacated annually, and whenever occupants cease to retain the confidence of constituents.
9. The individuality of every member in thought, religion, speech, and leisure, and in all matters where the individuality of others is not affected, to be held inviolable.
10. Amendment of this basis for co-operative organisation to be made only by a two-thirds majority of all adult members.

In order to constitute membership it was also declared that "all but personal effects must be thrown into the common fund at the final call, and that members migrate to land to be taken up by the Association outside Australia." Lane, during the period of procuring members, issued a monthly pamphlet describing the progress and aims of the Association.

Though his scheme was fraught with the wildest heresies, Lane's difficulty lay not in the securing but in the selection of members. His pamphlets, which he distributed in hundreds, contained a clear declaration of his objects. He never minimised the initial dangers and difficulties of the enterprise. The scheme was not meat (nor meet) for babes. He frankly warned intending members of that fact. But he enveloped the whole of it with the glowing colours of his gorgeous fancy. For strong men and women there was an opportunity to give the whole world an object-lesson showing the regenerative powers of practical Socialism at the hands of brave, honest, and self-sacrificing men, under leadership and a system which derived all its strength from the principle of humanitarianism. It was to be a peaceful crusade, against the principle of individualism. He felt so assured of its success, that from the wilds of Paraguay he would go forth throughout the world, and proclaim Socialism as a new inspiration to decadent society. To the taunt that Socialism on its moral side was essentially materialistic, that it was scornful of every element of spirituality as an elevating factor in social life, he replied that "outside Socialism there was no honest religion, no sound ethics." With a deeply reverent

respect for morals, he possessed a remarkable callousness to such respect as is usually paid to the outward manifestation of the spirit of Christian worship.

For example, two children were summoned on the technical charge of sacrilege in stealing from a Catholic church in South Brisbane the vessels and the wine used in the Communion service of that church. Lane knew the reverence attached to these sacred things by the adherents of that church, but he was the kind of man who would not seriously consider whether there was any ground for horror in stabling horses in the Cathedral of Notre Dame. The Cathedral was no element in the question. The only element with him was the necessity of stabling them, and if a cathedral were convenient, and other places inconvenient—well, after all, what special sanctity or privilege lay in a cathedral! There was nothing relational in life; with him everything was absolute. Commenting on this police court case he wrote:—

> Quite a flutter in a dovecot has been caused by the committal of the awful crime of sacrilege in S. Brisbane. To hear some people talk, and some people write, one would imagine that rape, matricide, or cruelty to children were light offences besides such a trifling outrage of human depravity. Yet it seems to me that if one of the children of the All-Father is hungry, he may make a very good case as to why he is entitled to satisfy his hunger with the shew-bread on his Father's table.

No sentence which he ever wrote gives us a clearer view to the chaotic complications of his mind on all social and religious questions than this.

He displayed the moral twist in his nature in another and more direct form. One of the organisers

of a powerful branch of the Shearers' Unions had dipped his hands deeply into the Union's funds. It was a plain case of embezzlement. His salary was a fairly liberal one, and he was stealing from the coffers of a body of men by no means rich, and from a fund contributed by wage-earners forming a special reserve fund for defence to which Lane himself attached the greatest importance. The organiser was known to have been a man subject to short but violent bursts of drunkenness, but was also known to be, like so many of his type, subject to long intervals of strict sobriety, when he exhibited a high standard of intelligence, honesty, and industry in any task assigned to him. On the Union's decision to prosecute, he wrote :—

> I deeply regret that the Committee of the A.L.U. have decided to prosecute Organiser —— for defalcation. I deny he is a criminal. He is a poor drunken wretch, who should have been safeguarded against himself.

And this was the character of the man who was to be the evangelist of a new social era. The self-appointed despot of a new Socialistic community, embracing all sorts and conditions of men and women, every possible shade of belief! Lane's magnanimous disposition shone out in all his public and private acts and words. Otherwise he could never have made himself the leader of a new era. He believed that Socialism was the highest form of expression of his best self, but with such a warp in his mind, his leadership was destined from the very outset to be doomed to disaster.

When it became evident that the New Australia movement was to result in a pilgrimage of some of our

finest settlers from Australia to Paraguay, practically the whole of the Labour Federation which he had formed tried to dissuade him from his great enterprise. The whole of the Australian press pointed out the inevitable disasters attendant on it. To friends and foes alike he turned a deaf ear. Australia lost a few hundreds of hardy settlers, victims infected with his enthusiastic delusions. All but a few of his Paraguayan colony were rescued from starvation by the Paraguayan Government, and all who were willing were brought back to Queensland at the expense of the Queensland Government. The vast majority returned to Australia at the expense of the public. All that remained of Lane's volcanic disturbance in Queensland and Australian politics were a few ruined huts and straggling trees at the various village settlements, the ruin of many of his followers' chances in life, and his own health as well. He lived to see but not to admit that his Communism was mere Dead Sea fruit.

Australian Socialism has now abandoned Communism as applied to land, but demands its nationalisation, or a confiscatory land tax as a preliminary step towards that end. The proposed tax allows exemptions, and increases with the area and value of the land up to the sinking point in the case of large estates held in freehold. Except in the latter aspect of the proposal every State Government taxes its lands, and has the power of breaking up its large freehold estates if an increased agricultural population makes it desirable to do so. As it is evident that the States are doing all that their Governments deem necessary for the needs of a portion of their populations, which, if not actually decreasing, is certainly increasing at a mere infinitesimal

ratio, a Socialistic land tax is *per se* unnecessary, and is unintelligible apart from its objective of land nationalisation. Land nationalisation involves either compensation or confiscation. On this alternative it is divided, and the extremists favour the latter.

No better indication and test of Lane's strangely erratic temperament can be found than in the remarkable paragraphs below, taken from *The Worker*, March 1890. The first shows up the dangerous hallucination he cherished, contrasting the possible power of the people with their actual misery.

> Together, you are all-powerful, workers of Queensland, workers of Australia, workers of the world. Together, you can be free men and women, citizens of a free land, never needing to crave from a fellow-man permission to earn a bare living, by making somebody else richer; never needing to feel the bitterness of unemployment; never needing to shrink at the thought that those you love may want. . . . Australian girls sell themselves for bread on Queensland streets, just as English girls do in the Haymarket. . . . Is not the only hope in the rising of a better Napoleon; in the elevation of a leader with the brain of a Jay Gould and the heart of a Christ?

It would be an injustice to say that he had the remotest sense of the almost blasphemous relations of the names and the ideals which they connote. He was doomed to failure anywhere outside Heaven or Utopia.

[NOTE.—After the loss and ruin of the Paraguayan experiment, Lane left for London. Subsequently he emigrated to New Zealand, where he took up his former profession of journalism, and still writes his weekly notes on Labour subjects.]

CHAPTER VII

THE GREAT FINANCIAL CRISIS—FINANCE BETWEEN 1880 AND 1893

AUSTRALIA was, at this period, making experiments in finance not less dangerous than others it initiated in Socialism. Governments and private individuals reaped the whirlwind in 1893. Both had sown the storm during the years 1883 to 1890. The loan policy of the respective States had the effect of introducing millions of money, which were applied to public works, and which, in many cases, could only in a very distant future become reproductive of the principal invested in them. The interest burden had to be largely borne by the taxpayer. This involved the imposition of heavy customs and excise duties in many of the States, and of wholesale alienation of crown lands in others. The land revenue, instead of being capitalised, was applied towards paying the interest. As long as lavish borrowing and expenditure on public works lasted, the Treasury received, through the increased spending power of the persons employed on Government works, sufficient customs and excise returns to meet their interest bill comfortably. It was a Petro-Pauline method of staving off an ultimate

difficulty. Neither production nor settlement kept pace with expenditure, and when the stream of loans began to run dry, the shrinkage in the Treasury receipts became not only marked, but indicated the folly of the course. Private investors, looking for an immediate return, and often a lavish one, and being disappointed, closed up their purses. Government creditors, noting the enormous disproportion between the returns from and the expenditure on public works, became alarmed. Though relying on the absolute good faith and ability of the Governments to meet their obligations, they let it be known that the tide of loans had reached high-water mark. Many a Government work, part begun, was abandoned when the financial waters receded.

Then, again, this expenditure had the effect of keeping an army of Labour in the constant supply of Government work. When loan money ceased to flow in, these were left stranded in the cities. There is always a ready method of working vengeance in cases of this kind. Governments were reconstructed or passed out of existence as easily as tin soldiers fall on the child's nursery floor. The constant Government employment left the impression that the terms government and employment were synonymous. The impression took the form of the question, "Why can't the Government find employment?" The next step was an easy one. The demand for employment was made as of right. The Socialists now claimed the establishment of Government Bureaus, where employment (at a fixed wage) could be obtained as of right. Happily for Australia, all Governments were reduced to the necessity of giving daily illustrations

of the fact that though they were willing enough to call up financial spirits from the vasty deep, the spirits would not come.

Public works, when not required for placating (more or less a euphemism for bribing) importunate supporters of the existing Governments, were intended to achieve the opening up of the country. Labour is an equally essential element in that result as well. But Labour had a more or less halcyon time on the Government works. Who would go fossicking, or delving, or sweating at the work of cutting down the forests and tilling the land, and leading the hardest of out-door life while waiting for the harvest, when there was the safe haven of a perennial eight to ten shillings a day on a Government job? The Government was the most formidable and by far the richest (for the time) and most generous competitor for labour. The lands could wait. There was a richer harvest, then at immediate hand, for the reaping. Hence production, if it did not stop short, lagged wretchedly behind expenditure. There could only be one end to this system.

The evil of this system, as well as the cure, fortunately revealed themselves simultaneously. As the ordinary methods of relief had failed beyond question, and the financial spirits would not ascend and work out a miracle, the land became the haven of salvation. The Socialists had now the ear of the worker. Codlin was *the* friend, not Short. Codlin asked for and got his chance. Communistic village settlements became the universal panacea. But Socialism helped a little, though it failed to find the treasure hidden in the land, and gave (quite

unintentionally and with a vastly different purpose) the key to the subsequent though somewhat slow development of our vast agricultural resources. The people ultimately found the only line of safe relief against the growing burden of extravagant borrowing.

The remarkable influx of public money during the first years of this decade was followed by a similar influx of private money, as well as by a rapid and speculative unloosening of local capital. In every capital city or progressive town in Australia this investment was mainly directed towards speculation in suburban lands, in anticipation of realising rapidly an enormous return through their enhanced values. The sites of the capital cities, as they may be a century or two hence, were bought and sold a dozen times over—mostly on paper. Land Banks and Building Societies, whose only capital was an option over suburban sites of varying areas, rose like mushrooms. The Land Bank endorsed its progeny's paper easily and rapidly. The former was the net spread for the capitalists, the latter for the wage-earner; and unfortunately the nets were not laid in vain. Savings as well as earnings were engulfed wholesale in their rapacious maws. Ultimately the paper had to face the period and process of transmutation into gold, and in 1890 and 1891 most of it became irredeemable. To the intense satisfaction of their great competitors for investments, the ordinary banking houses, most of those Land and Building Banks succumbed during the years 1891 and 1892, involving their clients and customers in the enormous sum of about £30,000,000. Many a thrifty investor

had played with and lost his all. The path to the grave, and often by his own hand, was quickened for many a head of a family who had looked upon this bogus bank as the haven for his old age. The gaols caught up a few of the bolder and less wary of the sharks, and many a public reputation was shown to be but a whited sepulchre.

But the Nemesis for the more stately banking institutions was fast coming on their heels, to shake the very life out of their self-satisfaction at the fate of their upstart rivals. Gold had been pouring in on fixed deposits, and few if any of the banks could resist the temptation of taking it, notwithstanding the difficulty of finding profitable investments. The disproportion between share capital assets and deposits became gradually alarming in many cases. It was known in banking circles that some large amounts of very good money were being thrown out to save very much larger amounts of very bad money. With the stagnation of public and private investment, rents fell, land values fell either to a nominal margin or right down to zero. Wool reached the lowest point on record in 1892; and a drought had decimated flocks and herds in many parts of Australia.

Amongst themselves, the banks began to play the dangerous game of "devil take the hindmost." If one or two were abandoned on the shoals, the result might prove a harvest of salvage or wreckage to the others. Some were picked out for the latter process. It was hoped that an arrangement might be made privately to come to the aid of some of the great "liners" who were known to be close on the breakers. No such arrangement could be made, and the financial

world of Australia was startled with the news on April 5, 1893, that the Commercial Bank of Australia, Melbourne, had stopped payment. In the next fortnight three other banks closed their doors. Within a month twelve banks had collapsed, involved in liabilities totalling £103,315,214. From 1891 the amount of capital involved in this panic amounted to the enormous sum of about £134,000,000. The magnitude of this commercial paralysis may be calculated from the fact that in the financial crisis of 1866 in Great Britain only a sum of £55,000,000 was locked up.

The financial legislation of Australia during the decade 1880-1890 can be compared to nothing else than a dance on volcanoes. Every State plunged heavily, discounting the future at extravagant rates. The following tables speak for themselves :—

Public Indebtedness.	1880.	1890.
Victoria	£22,060,749	£41,443,216
New South Wales	14,903,919	46,051,450
Queensland	12,192,150	28,105,684
South Australia	9,865,500	20,401,500
West Australia	1,367,444	11,674,640
Tasmania	1,943,700	6,292,300
Totals	£62,333,462	£153,968,790

DISTRIBUTION PER CAPITA

Indebtedness per head.	1880.			1890.		
	£	*s.*	*d.*	£	*s.*	*d.*
Victoria	25	13	0	36	11	5
New South Wales	20	3	2	41	0	11
Queensland	53	18	7	71	17	4
South Australia	36	17	5	63	19	0
West Australia	12	8	9	27	15	10
Tasmania	16	18	9	43	6	3
	£27	13	3	£47	8	5½

EXPORT TRADE

Exports.	1880.	1890.
Victoria	£15,954,559	£13,266,222
New South Wales	15,525,138	22,045,937
Queensland	3,448,160	9,581,562
South Australia	5,574,505	8,982,306
West Australia	499,183	671,813
Tasmania	1,511,931	1,486,992
Total	£42,513,476	£56,034,832

Average increase, 33 per cent.

IMPORT TRADE

Imports.	1880.	1890.
Victoria	£14,556,894	£22,954,015
New South Wales	13,950,075	22,615,004
Queensland	3,087,296	5,066,700
South Australia	5,581,497	5,581,497
West Australia	353,669	874,447
Tasmania	1,369,223	1,897,512
Total	£38,898,654	£58,989,175

Average increase, 53 per cent.

INCREASE IN POPULATION

State.	Increase per cent.
Victoria	2·83
New South Wales	4·25
Queensland	6·31
South Australia	1·36
West Australia	5·30
Tasmania	2·40
Average	3·74

Summarising the results of these tables we find—

1. The public indebtedness of Australia during the decade increased by 150 per cent.
2. Its exports increased 33 per cent.
3. Its imports increased 53 per cent.
4. Its population increased $3\frac{3}{4}$ per cent.

It adds to the significance of these figures to note the enormous increase of indebtedness with the remarkable disproportion between exports and imports. We were living on borrowed money, and at no time during the decade were earning the necessary interest on it. The burden was borne either by land sales being credited to revenue, or by extra taxation. In Victoria, which felt the incidence of this financial madness most severely, the imports from 1883 to 1893 amounted to £216,036,000. Its exports for the same period amounted to £154,526,000. (See *Vict. Year-Book*, 1907.) Half its population was subsisting on loan money during that decade, and very probably the same feature was equally well marked in all the other Australian States.

There is only one achievement which surpasses this "descensus Averni," and that is Australia's heroic and immediate rescue from it. In 1893 Australia's private enterprises were practically in liquidation at the hands of receivers; its public finances depended on the ability and willingness of the people to accept drastic retrenchment in expenditure and increased and heavy direct taxation.

This was the opportunity of the Socialists. No stronger proof could be given, ever was given, of the apparent failure and fraud of private enterprise. It never occurred to them to note that fatuous as were the enterprises of private capital, they were but the smallest circumstance compared with the monumental stupidities of State operations during the decade.

The panic resulted in close investigations both by the various State Legislatures and their Law Courts. In Parliament it became evident that many a political

leader was closely connected with a loan policy, whose proceeds drifted into banks and other financial institutions with which he was connected either as director, partner, or shareholder. With the average of human reasoning, the inference was inevitable. Many of such men were, rightly or wrongly, driven from public life, frequently at the avenging hand of some Socialist who had come to preach a new gospel. The public were far greedier for the revenge than for the evangel of Socialism. Hence Socialism scored its heavy representation in the Australian Parliaments immediately after 1890, reaching its highest points in 1893-94. Socialism received its first great impetus owing to the financial failure of State experiments in enterprises elsewhere left to private individual resources.

And yet the Socialist still believes or professes to believe that the term State is hedged in with a divinity over which disaster dares not peep.

The Trades Unions were at this period not only well organised, but bellicose and defiant, notwithstanding their defeats in the shearers' and maritime strikes. To their leaders, and especially their Secretaries, every constituency offered the possibility of a new and far more lucrative occupation. Every constituency had its exhibit of the financial wreckage; it was in a somewhat bull-like humour, and the exhibit was frantically waved as a red rag to it. Every disappointed shareholder in a financial institution, every retrenched civil servant, every household in which suddenly diminished means or the pinchings of actual poverty sharpened the claws of revenge for sufferings innocently brought upon them, became crusaders in the campaign of retribution and denuncia-

tion. The surprise was not that many Socialists were returned to Parliament on the avenging wave of a retributive public indignation, but that so few comparatively were returned.

The financial disasters of Australia at this period certainly involved more wreckage than either the bursting of the South Sea Company in Walpole's era, or the railway panic of 1848 in more recent times. And yet, the good sense of the Australian public intuitively recognised that while exposure and punishment should follow the almost criminal recklessness of men, both in public and private enterprises, which had ended so disastrously, the young nation was not to be rescued by following the new paths leading up to Socialism as set forth on the Labour Platform. Hence, though Socialism gained a strong footing in Parliament, it was powerless to prevent the process of reconstruction from proceeding on sound principles. But Socialism had shown that it had a *raison d'être*. The Socialists could easily adopt the rôle of the Pharisee. *They* were not as other men. And whether Pharisees or not, other men's powers, whether of vigilance or of construction, were useful and might be needed. They have, however, had their time of trial and experiment since 1893, and notwithstanding the initial advantage they gained through the temporary paralysis of public and private financial operations in 1893, they have shown not a scintilla of constructive power in any department of national enterprise. They have been tried in their own balance and found wanting. And as Australia has reached that stage of development where there is imperative need for constructive ability, and there is at present little or no need or room for mere

academic criticism and captious vigilance, it may be confidently predicted that the Socialistic Platforms as put forth by their architects will, for some time to come, be little more than monuments to vain but pious aspirations, and will be gradually whittled down to a more cautiously experimental form.

CHAPTER VIII

INDUSTRIAL LEGISLATION IN AUSTRALIA

THE period from 1893, the year of Australia's financial paralysis and panic, to 1900 was one of financial reconstruction. The productiveness of the continent, as well as the genius and self-sacrifice of the people, were equal to the occasion. But the possible Nemesis of a recrudescence of the terrible strikes of 1890 and 1891 still haunted the Legislative chambers of every State Parliament of Australia. The Socialistic representation (except in Queensland after 1904) was strong enough to decide the fate of Ministries, or to impose conditions on alliances and treaties. It also forced—in the skilfully protested interests of the public good and in obedience to an alleged strong public demand—the question of preventing all possibility of future strife by providing for the establishment of Compulsory Arbitration and Conciliation Courts.

The Australian Socialist (as a rule) is no phrase-maker. He has scarcely a gleam of constructive genius in his composition—not even for a phrase or an epigram. In this latter respect he is distinctly inferior to his prototype, the French Revolutionist.

The reason is that, unlike the Revolutionists, the representatives of Socialism are gathered largely from the least educated class of the community. With some exceptions—brilliant ones, indeed—mediocrity is the badge of almost all the tribe. Their party is by no means monopolistic in this respect. But in the making of this one phrase, "Compulsory Arbitration and Conciliation," the Australian Socialist's single coin from the mint of his limited range of idea has surpassed the epigrammatists of the French Convention. The definition of individual liberty by that Convention set forth that "the liberty of the citizen ends where the liberty of another citizen commences." The Americans surpassed the French epigrammatists when they asserted that "all men are born equal." The Socialist has reached the limit in his interpretation of the phrase "Compulsory Arbitration and Conciliation." As the Socialist understands the term, it means not that employers and employees shall, before declaring lock-outs or strikes, meet with a view to friendly conciliation and arbitration, *i.e.* with power to refer and arbitrate by umpires, but that they both must abide by the decision arrived at, however unjust or unfair it may be to either party to it.

This form of industrial legislation in Australia began in Victoria in 1890, and afterwards took the form of Wages Boards. Its object was primarily to mitigate or abolish sweating. It was quickly extended to the fixing of a minimum wage in certain industries. In practice it works out usually that the minimum which the appointed Boards fix is the maximum which the employer will give; so that in effect the

minimum and the maximum become identical. The slow, the aged, and the young workers have to be provided for, and by decision of the Board. The standard for determining the rates for these, as well as for all employees, is "the average prices of payment paid by reputable employers to employees of average capacity." The employers accept this, very much as a child accepts medicine. The Socialists eternally protest against it, on the same principle on which the American citizen classified the negroes. There are no reputable employers—and if there ever were any good ones, they are all now dead, and they are good only when they are dead.

The Acts dealing with Wages Boards are in a frequent flux of alteration and repair, either by legislation or regulations. At first there was a limitation to the number of apprentices. Now, as the minimum wage in many instances could not be earned by the aged or ageing workers, it followed that as soon as the father brought up a family he had the glorious prospect of anticipating that he could earn less and less as his family's needs increased; while the chances for the children's employment at a critical period of the father's life became still more restricted. The youths employed in the trades under the jurisdiction of the Wages Boards have since 1903 been given a wider chance. Under the pressure of competition the stress on the aged worker necessarily becomes greater. A Chicago Socialist orator demanded that all workers over the age of forty-five should be taken out and shot. He was probably making a savagely satirical thrust at the American system of high-pressure work, under

which the workers are unable to bear the strain in their later years. A well-known English Socialist, Thomas Mann, imported into Australia (notwithstanding the Immigration Restriction Act—a fact which ought to prove that its provisions have been grossly misconstrued), argued for the confiscation of rent, interest, and private property, and as a corollary, that all men should work for the State. "What will you do with those who won't work?" His solution of that difficulty was summary and drastic.

Victoria's manufacturing industries are largely controlled by these Boards. There is an appeal from it to a judge of the Supreme Court. One of these judges refused appeal for an increased rate, mainly on the ground that the industry, though giving poor wages, could not give more, except at the peril of closing down or casting out the less skilled workers. He received such abuse from the Socialists in Parliament, and was so weakly and timidly defended by the Government of the day, that he resigned.

New Zealand adopted the system of Compulsory Conciliation and Arbitration as early as 1893. The Acts are almost constantly in dock for alteration and repairs. The first Act was introduced under the strongly humanitarian influence of the late Right Hon. R. J. Seddon. New South Wales followed in 1901, and in addition to carrying the principle to its logical conclusion, inserted the principle of preference for Unionists. The Socialists insisted on the insertion of this principle as the price of their general support to the then Ministry. It was introduced into the New South Wales Parliament by B. R. Wise, K.C., a successful lawyer, a

brilliant Oxford student, and then a firm believer in the Toynbee Hall school of social philosophy.

Amongst the inalienable rights of man asserted by the document declaring American Independence is set forth the right to life, liberty, and the pursuit of happiness. The right to seek and offer one's labour is the inevitable corollary to it. The maintenance of life for the mass of the community depends on their labour. Not even a Socialist would dare to argue that the right of a man to live for himself depends on the mere will of another man. But in Australia the principle has found legislative enactment, that his right to labour (that is, his right to preserve and sustain his life and that of his wife and children) depends on his relation to a Union of his fellow-men. And the Courts, impelled by the form of the Acts, have decreed it so to be. Australian Socialism has in this respect out-heroded the continental Herod. European Socialists admit the worker's right to labour to be co-existent with his right to live. The Australian Socialist puts the limitation on it, that the condition precedent is—he must first belong to a Union. Union first and equality of opportunity afterwards. This expression of Socialism has perverted Unionism and may kill it. This is not to deny that Unionism may not be of immense advantage in many ways to the working and artisan class; that a worker who refuses to seek the assistance of a Union is as a rule neglecting to avail himself of a most useful weapon both for the preservation and amelioration of his rights and status. But it is to deny that any authority has the right, when a man exercises his natural duty to provide for his lawful needs

in a lawful way, to say to him, "If you do, you shall starve."

The reason for this most extraordinary extension of European Socialism lies in the fact that the Trades Unions and other workers' organisations having been captured by the Socialists, it became necessary that Trades Unionism should receive some recognition for its assistance in the field of legislation.

To make Unionism the condition precedent to the right to labour would be a distinct advantage to the Unionist in limiting the area of competition, and under the New Zealand and New South Wales laws it has been so decreed. The South Australian law, however, provides for either a voluntary or compulsory reference to the Arbitration Court. As the voluntary reference has been the rule rather than the exception, these industrial disputes are not only reduced to a minimum, but are generally so conducted as to lead to the conciliatory settlement which it is the intention of all such Acts to achieve. In this respect South Australia closely approaches the methods established by the British Board of Trade and the various English methods of voluntary submission to an independent and impartial tribunal. South Australia has now practically abandoned the principle of Compulsory Arbitration for the establishment of Wages Boards on the Victorian principle.

New South Wales, New Zealand, and Western Australia adopted Compulsory Arbitration from the beginning. Each of them is now weakening upon it after experience of its working. Queensland, the last to fall in line, adopted the Victorian principle in 1908. Now it cannot be shown that the Queensland

worker, whose operations were not limited or sustained by a Compulsory Arbitration Act, was, in the mass, any worse off than his class in New South Wales, or New Zealand, or West Australia. The evidence is rather in favour of the Queensland worker, since the tide of inter-State immigration is steadily flowing thither. Nor was, nor is, his average wage at all lower. Further, the eternal strife engendered in New South Wales and New Zealand under the irritating menaces of compulsion has been fatal to any attempts at their further extension to the other States.

In 1904 the Commonwealth Parliament followed the initiative in State legislation by passing an Act framed on the most stringent lines of the New South Wales, New Zealand, and West Australian Acts. That Parliament was confronted with the limitation of its jurisdiction to disputes extending beyond the limits of one or more States. Under the Constitution, the States preserve exclusive powers over their own internal industrial affairs. It has never been contended, for example, that each has not the power to establish Arbitration Courts or Wages Boards to regulate the terms and conditions under which its citizens may carry on their work within its boundaries. But the experiences of the States during the shearers' and maritime strikes showed that it might be desirable to establish legislative machinery by which any industrial dispute extending from one State to another might be referred to a Commonwealth Arbitration Tribunal for adjudication. The Act, apparently, proceeds on the assumption that, so far as the registration of Labour and employers' organisations are concerned, State boundaries have no existence. During the

passage of the Bill the Socialists insisted on the inclusion of the State railway servants within the Act, and carried that provision. Thereupon the Prime Minister (Hon. A. Deakin) resigned. A Socialist Ministry under Mr. Watson was formed, which, under tolerance, dragged out an existence for some three or four months (April to August 1904), and being defeated in a proposal to give unconditional preference to Unionists registered under the Act, it resigned. This Ministry was succeeded by the Reid-M'Lean combination Ministry, a temporary political alliance between Free Traders and Protectionists, whose only possible policy was that of masterly inactivity. This Ministry let the Arbitration Bill go up to the Senate with the provision including State railway servants within its jurisdiction. This was inactivity with a vengeance, the ex-Prime Minister, Mr. Deakin, with conspicuous vacillation, joining in the acceptance of the Bill with the clause as originally designed remaining almost intact. If it were unconstitutional, the High Court would decide. If it were not, well it was not. The Federal Parliament was neither the guardian nor the trustee of the States' rights. All parties in the triangular system of government which prevails in the Commonwealth acquiesced or were compelled by circumstances to acquiesce in this vacillation. Parliament dealt with the Constitution on the principle adopted by the Egyptian scientist to whom Cleopatra appealed when she desired to know whether the pearl given to her by Antony was genuine. He told her to steep it in strong vinegar. If it were genuine it would dissolve; if not, it would not be affected. Under such an interpretation of parliamentary powers

and duties the Commonwealth Constitution becomes a mere set of standing orders, whose application can only be learned as Parnell learnt the English ones—"by breaking every one of them." On appeal to the High Court the provisions for including the State railway servants was declared unconstitutional.

The whole range of Australian industries is therefore more or less affected by the operation of State and Commonwealth legislation, which must of necessity, if the latter is constitutional, overlap at all points.[1] No country in any era of its civilisation—excepting China—has so enveloped freedom between employer and employee with legislative limitations, nor so strongly subordinated freedom of contract for the individual to the mere fiat of a minority of the workers. Australia has disregarded the warnings of the ages in this, as in other similar experiments. It will certainly afford either a striking lesson or an awful moral.

Nothing shows more clearly the gradual merge from Trades Unionism into Socialism than the history of such legislation and consequent results in Australia. Socialism has enforced the acceptance of the principle of a regulated wage under statutory law. It is clearly the half-way house towards nationalisation of industries, many of which have become the subject of Commonwealth motions in either House, though in no case have both Houses assented even to the abstract form of resolution. The Trades Unionist is by no means inclined yet to go beyond this. He is not even satisfied with the results so far achieved. No Wages Board, no Arbitration Court, no tariff

[1] So far as fixing wages by Excise restrictions is concerned, it has been declared unconstitutional. See Appendix H.

reform can relieve him from competition, both external and internal. His uneasiness has been lulled and his resentment placated by securing the theoretic assertion of preferential employment for himself under Commonwealth laws and the State laws of New Zealand, New South Wales, and West Australia.

Now just as the fixed wage is subject to limitations and fluctuations owing to market rates, to the employment of apprentices and aged or less efficient workmen; so preferential employment is limited by the fact that the Unions cannot close their books against the registration of their fellow-workers; and this registration is a condition precedent to registration of a Trades Union or organisation under the various Acts. Though one leak is closed for the benefit of Union labour, another leak is opened, flowing into and swelling the Union's ranks. The advantage, if it is an advantage, of preference is thus largely neutralised. Nor can the Unionist object to the natural justice of the corollary provision to preference. This dissatisfaction is deepening and intensifying within the Unions. The Unionists are, again and again, met with the reply from the Socialists that the latter never proposed either State regulation of wages or preferential employment for Unionists, except as a temporary palliative and as a halting-place towards the goal of nationalisation. Hence it is that the Trades Unionist has again turned his eyes towards a high protective tariff, to ensure himself, if not a fixed wage, at least fixed or steady employment. He argues that of the two forms of competition, the internal one is the lesser evil. Hence the alliance now (1907) existing in the Commonwealth

Parliament between the high tariffist and the Socialist representatives. Socialism, which everywhere else in the world is in open revolt against high custom tariffs as being the handmaiden of capitalistic combines and high prices, is, in Australia, through its parliamentary representatives, a strong supporter of high tariff. This support is grudgingly given, and only in the hope that the Trades Unionist will, by experience, realise the futility of his hopes in tariffs, and that in despair he will adopt the nationalisation principle. The high tariff is the result of this combination. And as the urban vote is so strong in Australia owing to the intensely concentrated population of its few cities, this combination dominated and compelled Parliament to pass the intentionally prohibitive (though nominally preferential) tariff of 1907-1908. The tariff is the offspring of an alliance between Socialists and Prohibitionists. The objective of the latter is to build up local industries ; the objective of the former is to nationalise them when built up.

The working of this industrial legislation has been the subject of investigation and report by special Government Commissioners and newspaper correspondents from all parts of the world. All the world is interested in its workings and the results of the experiments now going on in the Australian laboratory. These reports are either neutral or colourless. The investigators from abroad are driven to make comparisons from German, or American, or English standards. The comparisons end in confusion. Nothing definite can be deduced from them either as to the origin, the cause, or the benefits achieved by this recrudescence of State control of industries

in this last of settled continents, suddenly breaking out at the end of a century marked by its advance in scientific investigation and general diffusion of education. It was a century marked in legislation by the spread of constitutional government based on the principle of individual liberty as against class interests, privileges, and Crown (that is, State) dominance.

One of the most recent of these investigators is Victor S. Clarke, Ph.D., who was commissioned by the United States Government to report generally on this great Australian movement towards the regulation and control of industry by State legislation. His impressions are given in his work, *The Labour Movement in Australasia: A Study in Social Democracy.* In no part of his work has he touched upon the origins of the Labour party in Australia. He does not seem to have been even aware of the causes which gave it birth. The very title of his work is to some extent misleading in what it suggests, because it is clear from the foregoing chapters that the Labour movement in Australia had a Socialistic and not a Democratic impulse from the beginning. Democracy was firmly and ineradicably planted as the basic principle of our political institutions, and had all the means and machinery for its future development in full play at the time that William Lane sounded the tocsin to Labour. Labour was then the ally (he thought it the tool) of Democracy. He appealed to it to support Socialism. Every Act dealing with industrial legislation since passed has been confessedly supported with the view of realising that principle which is common to every Socialistic propaganda in Europe and America, "The nationalisa-

tion of all the means of wealth-production, distribution, and exchange." Dr. Clarke never seems to have viewed the movements in their relative perspective. His work is largely a mere record of impressions and summaries; an impartial summing up, never ending, however, in any discovery or any pronouncement of fact. It is very much on the same plane with that of the judge who informed the jury that if they believed the evidence of the plaintiff they'd find for plaintiff. If they believed the evidence of the defendant they'd find for defendant. But if they were in the same frame of mind as himself, and didn't know whom to believe, then he didn't know what they'd do. They could consider their verdict. Dr. Clarke's work leaves the verdict open where his own judgment is not impliedly adverse.

Nor is the writer singular in this respect. Every reader finds himself in the same cul-de-sac after a fruitless traverse of a more or less obvious maze of platitudes in philosophy, economy, and history. A few sentences from the work quoted illustrate this barren conclusion at which many inquirers arrive. He admits the failure of the mediæval systems of State-regulated industries. He, wisely, does not regard that as conclusive. He says (after reviewing the work of the Minimum Wage Boards), at p. 152 :—

> The modern State and the ancient and the mediæval State are not alike. The people that constitute Society are not the same people. The material bases of industrial life are vastly different. To reason from the experience of the past to the possibilities of the future, omitting all those varying conditions, is to court error. There may be general economic laws that apply in both instances. They may be sufficiently important to predestine the

experimental legislation of Australasia to failure. But broader knowledge and profounder study than have yet been devoted to this subject are required to give us conclusions of value.

Industrial legislation had a fourteen years' unhampered trial by way of far-reaching, and in many cases revolutionary, experiments. Yet he is forced to a lame conclusion. The verdict so far is against and not in favour of the experiments. At any rate, it is clear that the long-continued work of this laboratory has given only negative results. One experiment has ended in almost accepted failure: the method of Compulsory Conciliation and Arbitration.

CHAPTER IX

ILLUSTRATIONS OF THE PRACTICAL WORKING OF COMPULSORY ARBITRATION

In the threatened coal strike at Newcastle, New South Wales, in November 1907, the coal-miners not only refused to avail themselves of the jurisdiction of the Arbitration Court, but defied the law by ordering a strike in the very teeth of the declared illegality of such an action. This was the culmination of many isolated revolts against decisions of the Arbitration Courts and their jurisdiction. It was difficult to convince the Trades Unions that compulsion as the final arbitrament between employer and employee was impracticable. The Socialist had no interest in exposing that delusion. When the decision of the Court was against the employees, it was not possible, and might have been unjust to some of them, to enforce it. Fines were not recoverable, and it was not only monstrous in principle, but impossible in practice, to send hordes of men to jail for disobeying its awards, for asserting that the wage paid was insufficient, and preventing them from exercising their natural right to look for that wage to which they thought themselves entitled. The employer was on

the other gridiron. He had to pay the wage decreed, or close or curtail his business. He had another resource. He could exact that standard of labour productiveness which would ensure him his margin of profit, and he could dismiss all those workers who were below that limit of efficiency. He frequently did it. Hence in slack seasons the numbers of unemployed were always a fixed or an increasing quantity, and their clamour resounded through the whole world.[1] The Wages Board principle, however, which the Socialists have always disparaged as against the more summary and drastic Compulsory Arbitration methods, somewhat mitigates this form of danger and hardship.

The opinions of former supporters of both forms of legislation, as well as the judgments of the Courts of Arbitration, go to show the difficulties and dangers surrounding all attempts at such forms of solution.

The sponsor to the New Zealand Act was Mr. J. M'Gregor. The employees affected by that legislation regarded any difference of opinion even on details as "an industrial dispute." The Court became deluged with complaints; legitimate and reasonable disputes, for which both parties desired a settlement, being postponed to others for which there was no better foundation than irritation or obstinacy on the most trivial of details affecting no general issue or principle. The Act was in danger of breaking down. Mr. M'Gregor uttered a warning, reminding the employers that "A mere list of demands rigged up for the express purpose of getting the Court to enact an ordinance controlling the industry was not a dispute."

[1] See Appendix B.

In 1901 the Right Hon. R. Seddon remarked on this dangerous tendency :—

The system was being ridden to death, and unless they conducted their affairs more circumspectly, public opinion would turn against them. Industry was being hampered, and employers were being kept in constant turmoil, and people were beginning to be sick of the whole thing.

On June 28, 1905, he said :—

I am almost in dread as to what is going to happen to New Zealand when the Panama Canal is completed, and we are brought at once to face with the old-world competition. . . . If the Trades Unions and their leaders were to realise the danger threatening them and the fact that our industries can bear no more, and that business is going back, nothing would bring them so closely in touch with employers as that realisation.

He then went on to point out the danger of outsiders coming in and "scooping" their money. He also points out that any increased wage they received was counterbalanced by the increased cost of living.

As affecting the woollen manufactories the manager of one of the largest mills (G. H. Blackmore of the Kiapoi Mill) reported :—

Instead of settling it is promoting disputes. I believe that our mill is the highest paid in the world. Yet the average increased demand amounts to 45 per cent ; in some cases 90 per cent. A union is formed, and the agitators take control.

R. F. Way, a New Zealand Labour leader, thus summarised his opinion after about ten years' experience of the working of the Act :—

I say distinctly it does not matter how impartial an Arbitration Court may be in the interests of the workers, it is an impossibility for that Court ever to rectify the conditions of the labouring classes as far as the proportion of their earnings to the cost of living is concerned. The Arbitration Court, at the outset, was never intended to do this. It was simply a means of settling disputes between employers and employees. The Arbitration Court is powerless to rectify all the abuses of present conditions. The only real remedy for the workers is for them to own and control industry, thus avoiding the necessity for either employers or employees.

The Secretary of the Wellington Trades and Labour Council, writing to the *Evening Post* (Wellington), February 20, 1907, declared: "There would be no industrial peace until the basis of wages was a percentage of profits." He, like all other Collectivists, does not say what is to happen when losses are to be shared.

A prominent Unionist, at a time of great industrial trouble through the Slaughtermen's Union defying the New Zealand Act and going out on strike, said to an interviewer from the *Evening Post* (February 20, 1907):—

During recent years of industrial peace, Unions have been piling up huge sums of money. Some have trebled, some have quadrupled the amount of their capital, of which a good deal is invested in the Post Office Savings Banks. Many of them feel that if the Court will not award them what they could obtain under the natural conditions of commercial bargaining, it would be better to have a trial of strength now than wait until a less prosperous year. Besides a good deal of the prosperity of the Colony is based on speculative values which act as an additional burden on the workers. The Court has not

lifted the wages commensurately with the prosperity enjoyed by the various industries; it has merely held them down, while the capitalists exploited them. There has been a slight increase, but nothing compared with the increased cost of living.

"Supposing the Act does break down?" he was asked. "Then we start stronger than ever before. The Unions are all wealthy, and there would be the most gigantic industrial struggle that has ever taken place in the history of the Colony—1890 would be a fool to it."

Here is evidence that the Socialist desires the breaking down of the Act to pave the way to sole State and Union control. In May 1904, Mr. E. Tregear, Secretary for Labour, New Zealand, wrote:—

The work of the Court is being neutralised by malignant collateral action. Some of the necessaries of life cost more than in former years; their price is rapidly advancing, and this out of all proportion to the rise in the wages of producers. Of course the rise in wages given by the Arbitration Courts to certain classes of workers is asserted by some to be the reason for the increased cost of articles and services, but the argument runs in a vicious circle, for it is this increased cost of necessaries that has caused the concession of higher wages. The chief devourer of the wages of the worker is excessive rent. . . . In Wellington the rents have not only increased during the last ten years, but have acquired an utter disproportion to earnings. It is difficult for a clerk or foreman earning £250 a year to get a decent house near the city under £1 : 10s. a week. A labourer earning on an average £1 : 10s. a week must pay 10s. to 12s. a week for a house. . . . Other items of necessaries, such as meat, bacon, eggs, coal, firewood, etc., have helped to minimise any advance in workers' wages. It is beyond doubt that the advantages bestowed by progressive legislation are being gradually nullified and will be eventually destroyed by certain adverse principles.

Here the land nationaliser is speaking, official though he may be.

The Trade and Labour Conference passed the following resolution at Wellington, New Zealand, April 4, 1907 :—

That whereas all the financial benefits accruing under labour legislation in the past have been nullified by the action of the capitalistic classes in raising prices out of proportion to the increase of wages, and whereas the reason of this lies in the uncurbed power of the capitalist, this Conference strongly urges the people of New Zealand to make a stand and demand legislation that will initiate a system of producing the necessaries of life and supplying them to the people at cost.

Here the Socialist is speaking straight out. He means that if potatoes are selling at 7s. a cwt. in Victoria, and the cost of production, freight, etc., amounts to 2s. in New Zealand, the farmer must sell in New Zealand at 2s., and the surplus only is to go to the Australian mainland to obtain the 7s.

The same Conference adopted the following report of a Special Committee appointed to inquire into the Act :—

The Act was not even a partial solution of the economic and social troubles of the wage-earning classes, nor can it ever touch the matter unless the Court is given power to adjudicate on matters of interest and profit at the same time as it deals with wages.[1] If the Act is to remain in operation absolutely, it is necessary that the workers shall be represented in Parliament by direct labour

[1] It will be seen in the judgment of Mr. Justice Higgins, President of the Commonwealth Arbitration Court, that he declined to consider this element in determining wages. For the obvious reason that if industries are being carried on at a loss the principle would involve at times partial starvation to the worker.

representatives, who would see that it was administered justly and suitably. The Act was never framed to protect Unionists or encourage the formation of Unions. There seems to be little likelihood of the workers receiving any further increase of wages from the Arbitration Court Act. There is no preventive against the accumulation of wealth in a few hands, which is the cause of economic evils that are crushing the workers of the Colony.

There are two more or less concealed strokes in this report. One is aimed at the former Seddon régime, which steadfastly refused to be bound, as the Australian Labour party is, to caucus organisation. Hence the reference to the necessity for direct Labour representation. The other is the plain admission that Compulsory Arbitration is but the half-way house towards State monopoly and control of industry.

The alleged success of the Compulsory Conciliation and Arbitration Acts, the first of which was passed in New Zealand in 1894, led to the more or less speedy passage of similar industrial legislation in all the Australian States excepting Queensland and Tasmania. It was constantly urged by employers that the result of such interference with industry would necessarily involve the withdrawal of capital from enterprise. The alleged successful application of the Acts in those States was apparently a complete refutation of that charge. Employers and capitalists, who still complain though they cannot resist, repeat the charge and deny that the Act has been successful in New Zealand, or that it is successful anywhere in its economic aspects. That it has prevented strikes cannot now be contended. And yet the initial motive and the "objective" of all those Acts is the prevention of strikes. Had the questions been put alternatively in clear form to

the public, by way of referendum, it is doubtful whether the Australian public would have allowed the inclusion of the principle of a State-regulated wage with that of State prevention of strikes. In all probability they would have decided that the initial experimental purpose of strike prevention should first be tried before any extension of it would be sanctioned. That the Parliaments had a clear mandate to initiate experimental legislation for the prevention of strikes and lock-outs cannot be questioned.

The Right Hon. R. Seddon, if not an ideal statesman, united in himself two great qualities, without which statesmanship is impossible. He had a deep sympathy with the lot of the worker, unrefined and untutored by any philosophical or intellectual appreciation of the immense difficulties hampering their application in the domain of industry. He also knew human nature well. There is in human nature a warm appreciative gratitude for the man who will, under the impulse of sympathy, assert and attempt social legislation in politics ; there is nothing but distrust and sometimes hatred for the man who boldly asserts and warns the public of the dangers and the intense difficulties that confront sympathetic and humanitarian legislation. It is better (so public opinion invariably inclines to say) to have tried and failed than never to have tried at all. Here Mr. Seddon of New Zealand and Mr. Kingston of South Australia, the parents of this industrial legislation, stood politically "on velvet." They could not lose, but must necessarily strengthen their hold on the mass vote by such proposals. The temptation to propose such drastic laws was, therefore, politically irresistible.

It is certain that neither the avenues of employment nor the rates of wages were closed or decreased in New Zealand as a consequence of the Acts. But the direct relation of these pleasing results to this species of legislation may well be questioned. The initiation and operation of this species of legislation in New Zealand exactly synchronised with the initiation and operation of enormous, even extravagant, loan expenditure on State public works, which withdrew (almost permanently) an immense volume of skilled and unskilled labour into State works from the competitive field of private employment. In 1894, the year which marked the initiation of compulsory arbitration in New Zealand, the public debt of New Zealand amounted to £38,874,491. In 1904 it rose to £55,064,328. In 1905 it had increased to £57,403,632, an increase of about 50 per cent. It is clear that the spending of so much public money gave far greater stability and elasticity to the Labour market than any legislation could possibly have done. In fact it did what no mere legislative Act could possibly do; it ensured a permanent market for Labour at the maximum and not the minimum wage, since the Government must always, when it becomes a direct employer, be the model employer.

Then again, as indicated by the adverse criticisms quoted, the worker found that though his wage roll was constant and even expansive, his expenditure, and especially that part of it which represented the price of necessaries, went up enormously. Evidence of this has been given. Mr. Coghlan, an Australian Statistician and accepted authority, effectively summarises this peculiar and apparently inevitable

phenomenon, that increased wages (fixed by statute) is followed by increased expenditure, and increased expenditure, which is the infallible barometer showing the limits of the purchasing power of the worker, leads to increased prices in these articles which he must purchase. He draws attention to the striking fact that, while wages advanced in New Zealand 8½ per cent, the cost of meat (in a country which exports millions of pounds worth of mutton) rose 100 per cent, house rent rose from 35 to 50 per cent, other necessaries 10 to 15 per cent.

It is exactly on this ground that the Australian Socialist challenges the halting position of the Trades Unionist. He says, "Till you can regulate the price of commodities, the State-regulated wage is a delusion. It is on a par with the lengthening of the blanket by cutting a piece off at one end and adding it at the other." The Socialist then pleads logically for his conclusion, that until the State regulates the whole system of wealth-production and exchanges of commodities (and he includes rent and interest in commodities), all attempts at wage regulation are mere delusions so far as the worker is concerned. The Australian Socialist is driven by the logic not only of his own propositions, but by the still stronger logic of recent legislative regulation of wages, onwards to the goal of nationalisation. The Trades Unionist stands somewhat aghast at the choice in which he is involved. The great mass of unorganised Labour looks on in somewhat dumb amazement. The latter, however, vote sympathetically, but the grave question which troubles the Socialist politician is, how long will they do so, when neither they nor their fellow-workers

of the artisan class are benefited by this continual course of agitation, repeal, appeal, and amendment in the field of industrial legislation. It was at this crucial point in the industrial legislation of Australia that the leader of the Australian Socialist party in the Commonwealth Parliament found the strain of the work or the issue too great for his physical powers, and left their solution to some abler or stronger hand. He resigned in October 1907.

Even in New Zealand the effect of this industrial legislation has not been marked by any increased activity of production in the industries directly affected by the Acts. Primary production is not directly within the sphere of their operation; they apply, as a rule, only to manufacturing industries. This is shown conclusively by statistics. The export of primary products from New Zealand rose from £8,860,190 in 1894 to £13,705,425 in 1904, an increase of over 50 per cent. Its imports rose from £6,400,129 in 1895 to £13,291,694 in 1904, an increase of about 100 per cent. The increased disproportion between exports and imports exactly indicates the effect of the spending of the borrowed money during that period, and, taken in conjunction with the following import figures, shows that it is the British and Continental, or some other artisan, who is benefiting mainly by the export of our cheap food-products, and not the New Zealand worker. The latter is condemned to bear the burden of interest on the unproductive balance, as well as the increased cost of living.

In 1894 New Zealand imported £301,774 worth of clothing; in 1904 the imports rose to £603,894.

It imported £139,455 worth of boots in 1894, and £256,165 worth in 1904. The total local output of the clothing, boot and shoe factories, aided by a heavy tariff, increased by £242,000 in 1894, while the primary industries showed an increase of £3,867,347; a comparison showing the enormous difference between natural and artificial expansion.

The conclusion seems irresistible. The economic condition of the worker is, apparently, not materially improved by this form of industrial legislation. He is still subject to the incidence of the market value of his manufactured production. The law of supply and demand, as well as that of competition, still operates even within the encircling area of State-regulated industry.

CHAPTER X

COMPULSORY CONCILIATION AND STRIKES—DISPUTES CARRIED INTO ARBITRATION COURTS AND THENCE TO THE LAW COURTS

THE Socialist, and in a lesser degree the Trades Unionist, has a wholesome horror of lawyers and law courts. Yet his invariable choice of an umpire, who is often entrusted with delegated legislative power in settling industrial disputes, is a judge of a Supreme Court. Once the lawyer is invested with the independence attaching to his elevation to the Court it is assumed that he is endowed with all virtues and intelligence. Till then he is a dangerous parasite on civilisation. He knows nothing practically of the matters which are the subjects of his investigation and decision. The intense complexity of the vast details which go to the establishment of a successful manufacturing business, and must be clearly understood before any sound decision can be given as to the limitations that it can bear in the matters of cost, production, and economic management, is probably as familiar to him as the construction of a sonata to a child learning its scales. He may learn them, however, in a perfunctory way. Employers and employees are alike called upon to

accept his dicta as oracles, his decision as the last word in industrial matters. There is perhaps only one thing more curious than the placing of such a man in such a position, and that is his acceptance of it.[1] The judges in the Arbitration Courts are not familiar with the oracular art (nor would they be permitted to exercise it) of giving pronouncements which may be right in either or any result. On the contrary, whatever pronouncement they make must be wrong from one point of view. If they decide in favour of the employee, then they are ignorant of the conditions of the business upon which they have to find a verdict. If in favour of the employer, they are prejudiced in favour of the caste or leisured class to which they belong.

Again, whilst the Socialist reposes an infantile trust in the judgment and infallibility of the judges (when their decisions are favourable), all these industrial Acts exclude lawyers from the Courts, or present the alternative that they can only be employed with the consent of the Court and the parties, and at the parties' expense. These costs must not be added to the losses of either party to the reference to the Court. That is, each side must pay its own legal costs, win or lose. It is tantamount to a declaration that while any layman, if a Unionist or disbarred lawyer, is a fit and proper person to support a client in such a Court, a skilful and trustworthy lawyer is not fitted for such a trust. Any quack may practice there of right. No trained man may ; or if he does, the client must risk

[1] When the Government of West Australia made a recent appointment to the Supreme Court Bench from the English bar, the newly appointed judge stipulated that he should not be asked to preside over the Arbitration Court.

it and pay for it. Of course, it works out directly in the opposite way to the plain intention. Lawyers are almost invariably employed, and this field of legislation is one of the finest of their happy hunting grounds. Naturally litigants, even in these Courts, go to lawyers for their law and their skill and keenness in argument which the exercise of the profession naturally produces. The Statute-book says one thing; but the practice is just the opposite. This is characteristic of Socialism. Probably both sets of litigants are equally dissatisfied with the tribunal, and regard the appeal to it very much in the light of a gamble on their chance. The employees, however, especially through their official mouthpieces, the Secretaries of the Trades Unions, are often both fierce and loud in their denunciation of any adverse decision.

In New Zealand they clamoured inside and outside of Parliament for the removal of the judge who gave them an adverse decision. In June 1907, Mr. Justice Hood (Victoria), on appeal from a Wages Board decision, laid down certain principles that guided his decision when refusing to disturb the wages conditions in starch factories. He resigned his position as President of the Arbitration Court rather than submit to the clamour raised in insulting disparagement of his decision and his jurisdiction. In 1901, under the New Zealand Act, the painters demanded increased wages. This was refused. They then declared that the Act was "the biggest curse that labour had ever put on it."

In 1906 the slaughtermen in New Zealand demanded an increase to 25s. per hundred for slaughtering sheep, though earning from £5 to £7 a week. The strike, in defiance of the Arbitration Law

forbidding it, took place just prior to the Christmas week. It lasted five weeks. The Government prosecuted the men. On appeal Williams, J., ruled that there was no power to enforce payment of fines for such breaches of the Act. Though this ruling was upset by the Full Court, the Government were unable to collect the fines. Imprisonment of the men in default was impossible. It would be a gross violation of natural justice to imprison a man for refusing to work for a wage which he thought—and he is the best and ought to be the sole judge of that—inadequate to the value of the work done.

This view of the matter was pointedly but probably unwarily emphasised by Senator Turley (a Socialist) in the Senate during a debate on "The Australian Industries Preservation Bill" (October 1907). The question of the oppression and suppression of trade combines was under consideration. It was suggested that there was such a thing as a Labour combine, as well as a Trade combine, and that either or both might conduct operations to the detriment of the interests of the public. The following interchange of remarks in the Chamber throws an interesting side-light on the contrast between profession and practice which occasionally breaks out from the Socialist in his public acts and speeches.

Senator Turley: The Hon. Senator (Senator Gray) said that he has heard members of the Labour Party express the belief that when both employers and employees are organised, the latter will have a better chance of getting fair consideration than they have had.

Senator Gray: I said that that statement was made by members of the Labour Party here.

Senator Turley: Then the honourable Senator said, "Yes; but the public are these who are going to suffer,"

and he wants to protect the public. This measure is brought in with that object.

Senator Gray: What about the Labour combines?

Senator Turley: The Labour combines have not yet had the power to hurt the public in any way. The only power which they have ever exercised has been in refusing to work if the terms offered did not suit them. I think every man has the right to exercise that power. If he does not think that the terms are satisfactory, there is no reason why he should accept the position offered.

Senator St. Ledger: Then the Hon. Senator is against the Arbitration Act?

As a matter of fact everybody knows that Senator Turley, in so expressing himself, was but expressing the certainty that no tribunal would imprison men for exercising that natural right.[1] The Socialists knew this when they brought pressure to bear in forcing the passage of such bills. The arbitration dice are loaded that way whenever the men refuse to abide by the award of the Court. The employer may load his dice only by closing his business or curtailing it, or by

[1] At a mass meeting of employees in the Broken Hill Mines (New South Wales), held on October 18, 1908, attended by about 3000 men, the following declaration made by the Chairman clearly proves how keenly sensible the men are of the impossibility of enforcing the awards made by an Arbitration Court by imprisoning the men who choose to disregard them.

He said: "The idea of the New Political Union was to get an agreement and register it, and the *bona-fide* Unions of the Barrier (*i.e.* Broken Hill) would have no voice in it. Those irresponsibles would have the agreement made a common rule. A strike was the only remedy he could see in connection with the matter. Wade's Act (the amended Arbitration Act of New South Wales) said they must go to gaol if they struck. Well, the sooner they were all in gaol the better; but no government on the face of the earth would dare to put the 6000 men on the line of lode in the Barrier in gaol, because it would disturb the relation of masters and men in every trade in Australia" (see *Argus* report, October 19, 1908).

subjecting his employees to such pressure that they must earn the increased wage or give place to men who can come up to the standard he fixes for profits on the capital and stock invested in the business. It is equally true now as when Burke noted it, that you cannot draw up an indictment against a nation. You cannot draw up such an indictment against Trades Unions. The Unionists and Socialists know this.

In this respect the Arbitration and Conciliation Courts have proved almost complete failures. Just as nobody at present anticipates that nations will abandon their right to arm and fight (however desirable it may be that they should confer) on measures directly connected with vital international differences, so no reasonable beings really believe that any body of workmen will refuse to abandon that last right in matters of offering and accepting labour—the right to refuse work at an inadequate wage, that is, to strike. It is to industry what war is to nations. The right to lock-out is the necessary complement to it. But a Legislature has the right to say to the subjects of its jurisdiction, "Before you fight, you must confer." It may not in the end prove to be effectual to intrude even thus far. But the experiment, peaceful in itself, is probably a means towards promoting peace.

The author of the New South Wales Act which was passed in that State in 1901, under the inspiration of the supposed permanent success of the compulsory and preferential Act in force in New Zealand, writing in the *National Review*, August 1902, said: "It avoided defects in methods and errors in principle which experience of the system

has revealed. . . . If such a measure fail in New South Wales, it is safe to say that no measure having the same object can succeed elsewhere." In the *Review of Reviews*, Australasian edition, December 1901, Mr. Wise wrote: "Any act in the nature of a strike or a suspension of work before a reasonable time has elapsed for a reference to the Court of the matter in dispute is a misdemeanour, and punishable by a fine up to £1000, or imprisonment up to two months. . . . These two provisions, the prohibition of strikes and lock-outs, and the power given to a public officer (the Registrar of the Court) to stop an industrial brawl by at once directing a reference even where the parties may not wish one, are new and important provisions of procedure, which should make it impossible for any industrial dispute to escape the cognisance of the Arbitration Courts."

In less than twelve months from the date of the utterance of these sanguine opinions, there was open industrial war in New South Wales. The Australian Workers' Union, consisting mostly of shearers and numbering about 21,000 members, went out on strike against the agreements entered into with the pastoralist Unions. The latter appealed to the Government to put the law in motion. Mr. Wise, who was Attorney-General in the Ministry which had passed the Act, evaded the demand. He said, "The shearers have not left their work. They have only refused to begin." No one but a lawyer can thoroughly appreciate the exquisitely satiric humour of this objection, which is latent and always available against the operation of such Draconian measures.

The history of subsequent strikes in New South

Wales affords the grimmest satire on the enthusiasms of such men as Mr. Wise. In May 1903, the colliery proprietors at Newcastle reduced the hewing rates, and against this action the men obtained an injunction from the Court. The reduced rate had the effect of depriving them of some fifty thousand pounds in wages. The colliery proprietors subsequently reduced the price of coal from 10s. to 9s. by an automatic arrangement with the men, the hewing rate being reduced accordingly. The Court held that the arrangement was a valid one. The wheelers, 250 in number, thereupon struck, throwing 5000 miners out of employment. The Court then ordered the wheelers to return to work, or in the alternative the miners could be at liberty to do their own wheeling. Both miners and wheelers disregarded the order. The Government and the Court tried persuasion with the men. Penal prosecutions then followed, with the result that the juries refused to convict. The strike went on for some weeks, the men in the end being beaten, after losing £36,000 in wages.

A similar experience occurred at the Teralba coal mine, January 1904. The strike lasted five weeks; the men were again beaten, and in order to guard against such sudden and wanton dislocation of work, the colliery proprietors introduced coal-cutting machines.

The Law Courts exercising their ordinary legal jurisdiction over such tribunals have uniformly interpreted such laws, wherever possible, as they were bound to do, in favour of liberty. For example, in November 1904, the coal-trimmers at Newcastle

demanded double pay for working on a day which their Union alleged to be a holiday, but which the law held to be an ordinary day. The proprietors refused to give the extra pay, and the men then walked out, leaving the ships hung up at the wharves. The Court served an order on the men to resume work. Against this order the men appealed to the Supreme Full Court. That Court ruled that the Arbitration Court had no power to make men work if they did not wish to work, the Chief-Justice remarking that Parliament would not be likely to put such a dangerous power into the hands of any Court.

Some of the cases that came in all seriousness before the Court read like the text of an opera-bouffe. An undertaker's assistant was taken ill suddenly. The undertaker engaged another assistant to carry out a pressing funeral engagement. He had forgotten, or more probably wilfully overlooked the provision for approaching the Union before giving another man a chance on a stray job, though it was alleged that he tried to find the Secretary of the Union. He was fined. The corpse ought to have waited till another undertaker, staffed by the Union, could have been found. Subsequently it was ruled by the High Court that employers were not bound to apply for their labour to a Union.

In some cases the hardship was clearly on the men's side. Some workers went out on strike notwithstanding the Act. Fines were imposed, and the duty of collecting them was left with the Unions, which in this, as in many other cases, they tried to perform. The failure to pay these fines sometimes involved the workers in loss of employment, as it was

held that when the Unionist broke the law and the Unionist rules, he was not entitled to the preferential privileges of the law-abiding Unionist. In other words, it fined him on one hand, and deprived him of the power of paying the fine on the other. An execution in one case was levied against a man's goods for default in paying a fine for a breach of the Union's rules. He was excluded from the Union, and this exclusion prevented any employer from engaging him while other Unionists were out of work.

Another device resorted to by some of the Unions, from a generous but mistaken intention to help their fellow-Unionists, was the closing of the Unions' books against the registration of any more Unionists. The intention was to make the work go round and round their limited circle only. The Courts ruled this action to be illegal. In other cases Labour Unions inserted in their rules not only a power to levy fines for breaches of the rules, but a power to levy contributions in aid of their political propaganda. This power was extended (or attempted to be extended) so far as to fine men who worked or voted against the candidate endorsed by the Labour Organisation. Such rules were clear invasions of political freedom and the right of every man to exercise his vote according to the dictates of his own intelligence and will. This penal rule was declared illegal by the Courts, and during the passage of the Arbitration Act through the Commonwealth Parliament, a provision was inserted guarding the political liberty of every member of a Trade Organisation registered under that Act.

This history of the working of the Arbitration Acts

shows the failure of most of the anticipations expected from them. They have not prevented strikes; neither is the worker's wage appreciably increased by any result following directly from the operation of such legislation. It may be doubted whether one marked phenomenon in Australian industrial conditions, the comparatively large numbers of unemployed workers in the cities in periods of temporary depression, is not intensified by the fact that there are many Unionists who cannot obtain the standard wage fixed, or who dare not, at the risk of "blacklegging" their Union, accept a less rate of wage.

The operation of the Wages Boards shows far more hopeful results. In these, the element of compulsion is either absent or has this limitation, that if after experience it is shown that the minimum wage is higher than the average worker can earn on his output, the employer can dispense with the less efficient worker, and engage only those who reach the standard. The worker then may get a permit to take a less wage. He is thus confronted with two forms of fear. His Union looks upon him as a drag upon the standard limit, or as a species of loafer, whose wants and ambitions are easily satisfied, and whose work is subordinated entirely to this measure of them. The issue of those permits is almost always accompanied with an inquisitorial investigation, which must be more or less irritating to the Unions, and humiliating to the individuals seeking them.[1]

The rate of wages under the Wages Board system is fixed by a body of assessors and a chairman, whose jurisdiction is local and confined to a particular trade.

[1] See Appendix K.

In practice there are almost as many boards as trades. Apparently this procedure involves long and minute inquiries, for the purpose of arriving at a sound decision in the interests of both parties to it. And in reality the procedure is tedious and somewhat exasperating at times to them. The Arbitration Court procedure was initiated with the view of avoiding this. It makes an award; the award is registered, and when registered, compliance with its provisions is made compulsory. The award applies universally to all persons engaged in that trade or business, though the parties affected by it may not have been heard by the Court. This is done by means of the application of what is called "The Common Rule." An example of its working and its failure will illustrate its effect. Under the New South Wales Arbitration Act an industrial agreement had been filed between a single employer and his employees. The Industrial Organisation to which these employees belonged then applied to make this award "The Common Rule" for all employers and employees in the same business throughout the whole State. "The Common Rule" was then made by the Arbitration Court, but was appealed against to the High Court. The High Court decided that no "Common Rule" could be made unless based on an award which had been made by the Court in case of a dispute at which all the parties interested had been represented. It also prevented the Arbitration Court from varying its award subsequent to the dispute, and then laid down this important principle of law: "The Act is not to constitute a Board of Trade in a Municipal Body with power to make by-laws to regulate trade,

but a Court of Arbitration for hearing and determining industrial disputes in the matters referred to it."

A case of singular danger and hardship occurred in New Zealand under the operation of this "Common Rule" system, which shows the heroic futility of those Acts. Under the Act the Arbitration Court had power not only to fix wages but hours of labour as well in various industries. It determined these for coal-mining, fixing an eight-hour day. The question arose: "What was eight hours' work" as applied to the coal-miner? Was the "eight-hour" time to apply to the term of actual work in the mine or the time "from bank to bank," that is, from the time he came to the pit-mouth to the time when he was landed back on the surface again? The question was an important one; the difference would reduce the time from eight to seven or to six and a half hours' actual working in many cases. The miners agitated for "the bank to bank" interpretation, and succeeded in getting an Amendment Act passed in 1903 with that declaratory clause inserted in it. They were then working under "awards," and had to await the operation of the Act until the expiry of the "awards." When the Act was passed, it was shown, almost with the accuracy of mathematical demonstration, that many of the coal-mines (and especially the West Port Company's) in New Zealand would close down, or that the wages paid would have to be reduced. The miners then threatened that, notwithstanding the Act, they would strike in the event of a reduction. The Court was in a dilemma. To consider a new award would inevitably result in a reduction. The reduction would cause a universal strike. To let

wages remain under the former interpretation of an eight-hour period of work would probably close down half the coal-mines in the Dominion. It solved the whole of the dilemmas by doing nothing. The settlement of the issues was left to a system of patching truces and compromises.

A similar clause had been enacted a year previously to apply to gold-mines. The results were similar, but the coal-miner argued that what was fair for the other was fair for him. Notwithstanding the great friction actually evidenced before his eyes in the case of the gold-miners, the coal-miner continued his agitation for his clause. In the argument before the Arbitration Court against the reduction of wages in consequence of the new Act it was shown that the West Port Coal Company would lose some £20,000 per annum in consequence. Naturally the Company asked, "Who is to bear this loss?" And as naturally the answer came from the coal-miner, "Pass it on to the public. Raise the selling price." This was the golden opportunity for the gold-mining companies. They replied, "You can't do that with gold." What might have been food for the coal-miner would probably prove poison to the gold-miner. As a matter of fact, the Court thought that the Act was poison to both, declining, as has been said, to make any award.

Subsequently a similar Bill was brought before the New South Wales Parliament. It passed the Assembly with probably the same benign hopes and wisdom that influenced the New Zealand Parliament. The Bill was, however, rejected by the Legislative Council, and nothing more was heard about it in that State.

CHAPTER XI

COMPULSORY ARBITRATION AND WAGES BOARDS COMPARED

The difference between the Wages Board and the Compulsory Conciliation and Arbitration systems is particularly marked in other respects. The Wages Board, primarily intended to suppress sweating, was extended, if not logically, at least with reasonable analogy of purpose, to the fixing of a minimum wage. Arbitration, originally intended to abolish the strike, was illogically extended to the enforced State fixed wage, practically a maximum. The Wages Board system is primarily a voluntary submission, with compulsion only after every form of investigation and appeal is exhausted, and the result of such appeals affects only the parties to the particular breach, and the particular breaches set forth in the complaint. The Wages Board takes no cognisance of distinctions between non-Unionists and Unionists. The Arbitration Court may, and in certain cases must, prefer the Unionist worker. The Wages Board has no concern with the appointment or dismissal of the worker. The Arbitration Court has fixed these rules as against the employer: (*a*) he must engage the

Unionist in priority; (*b*) when Unionists are not available non-Unionists may be employed; but (*c*) he must first apply to the Secretary of the Registered Trade Union for a further Unionist supply if available; (*d*) in the event of dispensing with the services of employees the employer must proceed on the rule, "The last to come on, the first to go off." The Wages Board has no jurisdiction over strikes or lock-outs. The Arbitration Court is specially designed so as to make them penal offences. The Wages Board is intended to secure the minimum of State interference with individual rights, contracts, and organisations. Arbitration seeks to establish the maximum.

The Arbitration Courts possess a large amount of quasi-legislative power. Within their jurisdiction they possess, as affecting their determinations and verdict, all judicial powers, with the consequential immunities of Courts of Law. In the former capacity they receive the same measure of public criticism in their deliberations as the Legislature itself. In the exercise of their judicial functions, criticism or comment after their determinations is punishable as contempt of a Court of Law. In fixing the terms and conditions of rules and awards, binding on employers and employees alike, they exercise quasi-legislative functions. In determining penalties on non-compliance with the terms of their rules and awards, they exercise their judicial functions. From the former there is no appeal; from the latter there is appeal to the ordinary Law Courts. Now, as the line between the two functions is clearly very finely drawn and almost incapable of definition, it follows that litigation on the

determination of the jurisdiction of the Courts of Arbitration, and the rights and obligations of the persons or parties affected by the rules and awards of the Courts, is rapidly increasing, and in such volume as to clog (in some cases, indefinitely) its machinery. The disputes are becoming interminable in the complexity of details which are the subjects for decision, and often involve a ruinous delay before they can be even approached by the Court.

It will be seen from the foregoing comparison of the two species of industrial legislation that, in practice, the Wages Board system has a tendency to develop towards the scope and method of the Arbitration Court; and the Arbitration Court to revert to the scope and the method of the Wages Boards. The reason for the apparent paradox lies in the fact that both systems were entrusted with judicial or quasi-judicial functions, while the main purpose of their institution was to give them no more than a subordinate legislative or quasi-legislative power over industries made subject to their jurisdiction. Both systems have a dangerous tendency towards the development of a Star Chamber method of administration. British people may submit their industrial operations to the supervision, and in a manner to the direction, of a separate and specially created tribunal. But, as in the last result the decision on these matters often necessarily involves the rights of personal liberty, the control over one's private property, and the use of one's own capital and labour (interests which affect similarly both employer and employee), the tendency is strongly marked in both to take a final judicial decision only from a Court of Law exercising the Supreme Court

jurisdiction of the States, with the usual limitations on appeal from them to the High Court of Australia, or the Privy Council. Most of the amending legislation, as well as the natural tendency in all existing and unamended administration in the respective States, takes the form of eliminating the judicial powers from the jurisdiction of all these industrial tribunals. And very naturally so. A Board of Assessors is working at its best when exercising administrative (that is, quasi-legislative) power, and at its worst when exercising judicial power. And conversely, a judge, whether as an umpire in the Arbitration Court, or as a final authority in cases of appeal from a Wages Board, is at his worst when exercising administrative, and at his best when exercising judicial powers. Under both systems, judges and assessors and parties are frequently called to do their best and their worst simultaneously. It frequently happens that in an ordinary Court of Law, a judge has to do his utmost to save a litigant with a clear case in matters of law from the ignorance or incapacity of a jury; and *vice versa*, in matters of fact. But the ordinary legal procedure involves a method of protection for both portions of the machinery of the Law Courts. Each may be kept or ordered back to its place if either transgresses its jurisdiction. The tendency in the litigation brought before the Industrial Courts is running in the same direction. The wisdom of the ordinary legal procedure, which is the growth and development of centuries of experience in the application of justice to the rights and liberties of persons and property, is thus justified in its children, notwithstanding the pardonable irritation at the imperfections both of the human instruments to whom

it is entrusted, and the delays with which slow-footed justice must attend the carefully measured steps of the law.

In order that the difference between the judicial and administrative powers of these industrial tribunals may be appreciated, it will be useful to cite the particulars of some cases which came up for review before the Law Courts of the States and the Commonwealth. The difficulty and complexity of the problem which was so airily entrusted by the Legislatures to these Industrial Courts will be the more clearly understood. The case ex parte *Eiffe* arose in Newcastle and affected the coal-trimmers. Under the original New South Wales law there is no appeal from the decision of the Arbitration Court, whose President must be a judge of the Supreme Court. Under these conferred powers the appeal came before the Arbitration Court.

The coal-trimmers were casual labourers, engaged at so much per hour, and entitled under the rules of their Union to cease work upon giving an hour's notice. There was no agreement between them and their employers, the situation being accepted on both sides. The King's Birthday fell on November 9, 1905, but was gazetted for observance as a holiday (under the provisions of a local Act) on a different date. The trimmers gave notice on the 4th of November of their intention to claim 3s. an hour for working on the calendar date (the 9th of November). This demand was refused. At 11 o'clock P.M. on the 8th November they gave one hour's notice of their intention to cease work at midnight, and ceased at midnight. The employers appealed to the Arbitration

Court for an order compelling the men to resume work. They were successful in obtaining the order under Section 34 of the Act, which reads :—

Whoever before a reasonable time has elapsed for a reference to the Court of the matter in dispute, or during the pendency of any proceedings in the Court in relation to an industrial dispute, does any act or thing in the nature of a lock-out or strike, or suspends or dislocates employment or work in any industry, or instigates to or aids in any of the above-mentioned acts, shall be guilty of a misdemeanour, and upon conviction be liable to a fine not exceeding £1000, or to imprisonment not exceeding two months.

Against this decision of the Arbitration Court the coal-trimmers appealed to the State Full Court, notwithstanding that the Act gave final jurisdiction to the Arbitration Court. On appeal the State Full Court delivered the following judgment :—

Where a body of employees who are entitled to cease work on giving one hour's notice by their Union give notice to their employers that they intend to cease work unless they receive higher wages, and the men employed cease work after giving the requisite notice, and the other members of the Union refuse to accept employment, the Court has no jurisdiction to order the members of the Union to resume work pending the determination of the dispute, there being no relationship of employer and employee.

The Pelaw Main Colliery case raised a similar important point, which went up to the High Court of Australia for final decision. The particulars were these : the firm of J. & H. Brown were cited before the Arbitration Court on a matter of increased wages

in October 1903. The business of the Court was so congested that a delay of twelve months elapsed without a hearing being obtained. The employees filed a fresh claim including other demands. This summons lapsed. The employment, however, continued, varied by suspensions and disputes. On June 15, 1905, all the miners in employ went out without notice, and refused to return to work. At the end of June the employees' Union took out another summons on the same terms as the original summons. This came on for hearing in July (1905). At the time of the filing of this summons all the members of the employees' Union under the original claim had left the service of J. & H. Brown. Other men, not members of the Union, had been taken on in their stead. On this latter ground the claim of the appellant Union was dismissed on appeal to the State Full Court. This decision was appealed against to the High Court of Australia. The appeal was dismissed. The Chief-Justice, in delivering the judgment of the High Court, said :—

Here are employers and employees going along in perfect amity, and an industrial Union quite outside the employees is dissatisfied with the condition of peace and quietness and desires to have a dispute, and the contention is, since they take up that position, they are entitled to invoke the aid of the Arbitration Court, not for the purpose of quieting any dispute existing, but creating it and getting it settled. I cannot think that it was the intention of the Legislature to allow that, and certainly it does not fall within the ordinary meaning of the terms used in the Act, and I do not think it follows from the language relied on by the appellants. In my opinion the view that the Supreme Court arrived at was quite right. I think an

industrial Union is not entitled to create a dispute between an employer and employees without the employees having any connection with it. So far, therefore, as the Arbitration Court has assumed to deal with the questions arising between the respondents and the present employers for the future, I think they have gone beyond their jurisdiction, and I think, for the reasons I have given at the outset, the matter was properly raised for the consideration of the Supreme Court, and properly raised for our consideration. I am, therefore, of opinion that the Supreme Court was absolutely right.

The point taken, the *ratio decidendi*, and the decision itself were all crucial—the meaning of the word "dispute" and the interpretation of the relation of the parties to it. The decision amounts in law to neither more nor less than the old proverb, "It takes two to make a quarrel." As a result of this important decision thirty cases were struck off the list of the Arbitration Court's summonses.

The results of those two tests, namely, the closer investigation and definition of the common-law rights of individual employers and employees by the Law Courts, and the experience of the attempts to modify (or mitigate) the incidence of competition, are not only unsatisfactory, but have proved more or less disappointing both to the humane impulse which prompted such legislation, and to that optimism of the worker, the Unionist, and the Socialist, which saw in legislation a panacea against the industrial evils to which Labour was (as they alleged) made slave and heir. In one sense the experiment was worth the trial, since it showed that the sympathy of the parliamentary representatives of the people was not obstinately overruled by any class prejudices or

instincts. In Great Britain, Europe, and America the charge is made that the influence of money, the powers of aristocracy and plutocracy, and the alleged or natural tendency for capital to exploit labour, have all combined self-interestedly against the attempts to introduce tentatively such legislation. No such charge can be made against Australian public opinion nor against the general desire of its legislators to attempt a solution of the difficulty by well-considered and well-guarded experiments. Australia deliberately undertook the search for the social microbe and a method of rendering society immune from its attacks. The search has ended, so far, in results which, if not disastrous, are disappointing. But the failure in these experiments has led, not to a desire to retrace our steps on the beaten path of experiments in legislation, but to go on further. The failure has only accentuated the position of the Socialist who, first and last, has maintained that at the best these methods are mere palliatives, more or less dangerous, and also that the only means for annihilating the effects of competition and destroying the inevitable effect of the economic law of supply and demand lie in the nationalisation of all industries. Hence a remarkable phenomenon presents itself. While the State Legislatures are becoming Conservative in their acceptance of any further attempts to interfere with industrial legislation, the Commonwealth Legislature is being hard pressed by its large and well-organised representation of Socialism to prepare the way towards this nationalisation of all industries. In order to effect this, they are continually pressing the Commonwealth Government to take sole control over some

of the industrial legislation hitherto reserved to the States.

The Constitution, however, bars the way. The only power over industrial legislation that is conferred by the Constitution on the Commonwealth is contained in Sect. 51, which gives it the power to interfere in industrial disputes extending beyond the limits of "any one State." There is a well-known maxim in law, *expressio unius est exclusio alterius.* That is, where two or more powers dealing with the one subject may be conferred by a donor of the powers, the conferring of one power only on the donee is equivalent, *prima facie,* to the exclusion of the other or others from the donee. Now, prior to Federation, the States had full powers over all industrial legislation within their boundaries. They could have no power beyond them. The States, however, conferred jurisdiction on the Commonwealth to deal with industrial disputes extending beyond the limits of "any one or more States." They could have transferred sole power to deal with industrial legislation within the States in the same way as they transferred sole power to deal with defence and postal matters within the States. But they limited the transfer to a certain species of industrial disputes with a clear qualification as the limits of that interference. The conclusion seems inevitable, that the power of the States over their own industrial legislation is supreme within the area of the excepted limitation. If so, then the Commonwealth clearly can have no right to intrude into that domain.[1] The Socialists are thus driven to take one

[1] The above was written before the judgment of the High Court in the cases noted in Appendix H was delivered.

of three courses. First, to pass legislation and chance the constitutional aspects of it; or second, to force the nationalisation of industries; and if both species of legislation are decided to be *ultra vires*, then to seek an amendment of the Constitution.

The extent to which this principle of nationalisation is developing within the Commonwealth Parliament will be seen in the following chapter.

CHAPTER XII

SOCIALISM AND NATIONALISATION

In no State Parliament has the Socialist party ever come forward with a definite proposal for the nationalisation of any single industry. The reason is simple. It dare not face the electors with such a definite proposal, since the proposition would involve an elaborate investigation and a carefully reasoned proof of the financial soundness of the measure. The elector has an instinctive, that is, a natural horror of being taxed for unremunerative State enterprises, and still holds that speculation is the province, as it is the risk, of the individual and not of the State. The Socialists, however, having gained the balance, that is, the absolute control of power in the Commonwealth Parliament, were bound not only to define their position on the nationalisation principles of their "objective" platform, but to reduce platform propositions and academic theories to the level of concrete legislative measures.

It is just at this stage the trouble commences and will continue. It is admitted by the Socialists that all industries cannot be nationalised at once. "There is such a thing as proceeding step by step," remarked

the late leader of the Commonwealth Socialist party in the House of Representatives in November 1907, on the occasion of the introduction of a Bill for the Encouragement of Manufactures. As the party has never chosen to nominate any particular industry or industries as the subject of special nationalisation experiments, it is left to each individual of that party to air his pet project, and many of the leading parliamentary spirits of the party have in turn brought down from the skies the objects of their Socialistic affection and proffered them for special regard. The range extends over almost all the main industries of the Commonwealth. The coal and iron industries receive almost unanimous attention, as the most likely subjects for nationalisation. The sugar-refining industry, the tobacco industry, the fisheries, the forests, the manufacture of harvesters have each strong attractions for the Socialistic hand. The mention of the sugar-refining industry reveals a curious anomaly, common to all those forms of proposed nationalisation. The sugar-refining industry is to be nationalised, but not the growing of the sugar; the tobacco manufacture is to be nationalised, but not the cultivating and curing processes. This chasm in the nationalisation proposals, affecting one of the richest of the Commonwealth's agricultural industries, shows the dreaded dividing line that still irreconcilably separates the two Labour sections of the Socialistic party. One section pertinently asks, "What use or sense is there in talking about nationalising the sugar-refining business unless the State controls also the growing of the sugar? The State refinery would then be at the mercy of the

growers, who have at their disposal the purchasing power of the world's refineries." They add, "You must nationalise the land as well, or else your State refinery rests on what may be the mere covering over of a financial volcano." Similarly with all industries, which rest either directly or ultimately on the primary industries. In effect, as all manufacturing industries are more or less indirectly connected with the primary industries, this section of the Socialists is logically driven to advocate, as an essential preliminary to the nationalisation of industries, the nationalisation of land. The principle of land nationalisation is strongly held by many members of the Socialistic party, but so far has received no further support or prominence in Parliament, or even outside it, beyond that of an expression of a counsel of perfection (or imperfection).

The reason that this great basic principle has not, in Australia, advanced beyond that stage is fairly obvious. The first step towards realising it would involve in the end the compulsory purchase or confiscation of every acre of freehold agricultural land in Australia. To present such a proposal in the form of a legislative enactment would throw all the owners and their families, and all those engaged in the carrying out of its dependent industries, into opposition against the Socialists at the polls. It would result in their political annihilation. The other section of the Socialist party sees this result, and refuses to advance it one step beyond the academic stage.

Since the inauguration of the Commonwealth in 1901, various resolutions for the nationalisation of certain industries have been suggested, and two or three expressed in the form of resolutions in one or

other House of Parliament. Amongst the latter may be mentioned the sugar-refining and tobacco industries, and the nationalisation of the Commonwealth's mail-steamers. In November 1907, during the passage of the tariff, the Government introduced a Bill entitled "The Manufactures Encouragement Bill." This Bill was simply the application of the bounty system to the manufacture of iron. There was but one manufacturer of iron in the Commonwealth. This procedure was distasteful to the Socialists, who preferred and put forward proposals for the nationalisation of the industry. The debate served to bring out the principles of the great "objective" towards which all Socialistic theories tend. The newly elected leader of the Socialist party (Mr. Fisher) put forward this contention, "If the Government by a bounty and a duty can establish an iron industry, why can the State not 'run' it for itself?" In other words, his support of Protection involved nationalisation as a result. Another prominent member of the party remarked, "I believe that every industry in the country exists primarily not for those in it, but for the whole body of the people." He made no limitation as to the extent to which he would drive the principle of nationalisation. His declaration, however, is characteristic. Whether an industry exists for the benefit of "the whole body of the people" or not, is almost always an academic question. If, however, the workers in any industry are receiving a fair wage, are working under conditions which are healthy, under hours of work which are not exhausting, then, so far as they are concerned, the industry is clearly existing for their benefit, though not solely for their whole benefit. The owners come

in somewhere. Is "the whole body of the people" entitled or compelled to stop silent at this result? A remarkable evolution of opinion is shown at this crucial point by the Socialists. If a monopolised or partially monopolised industry can show that those engaged in it as workers are receiving a fair and equitable wage, then, as a rule, the Socialists can have no complaint against those who are running it, nor is there a shadow of reason for "nationalising" it. Such a result may be, and is being, brought about rapidly in Australia by monopolists who, in "cornering" production, may exact what price they choose from the public, and out of the "spoil" placate the employees. That such an industry, under such conditions, exists for the benefit of "the whole body of the people," is no greater delusion than the idea that Robin Hood was not a robber because he took from one class to give the plunder to another. Such crude doctrines, falling from the lips of the leaders of the Socialist party in their stronghold, the Commonwealth Parliament, demonstrate the dangerous trend of one of the most dangerous "combines" for public plunder that the modern world has seen; a combine of Socialists and monopolists to fleece the public and to secure immunity from redress by a packed Parliament.

In the same session, in the Senate, the operations of an Australian Coal Combine were under discussion, in view of an alleged boycott against one coal-vendor who refused to submit to the Combine's terms. The Socialists in the Senate admitted that there were "Combines and Combines." They admitted that the present "Combine's" operations which were under discussion had resulted in better wages, more settled

employment, and generally in better conditions for the worker than had prevailed during the era of competition. It was also generally admitted that the public were paying a very much higher price than formerly for their coal. Coal in Melbourne and Sydney was dearer than in London. Under the circumstances the question of the illegality of the "Combine's" action in seeking to crush out a rival (the sole question at issue) was lost sight of. The danger that a "Combine" might at any moment, and by any means, crush out the small trader, was urged. The graver danger that such an industry might thus be placed at the absolute mercy of a group of capitalists, and every "small" man be prevented from engaging in it, or terrorised out of it, if he did so, was pointed out. The Socialists admitted in substance the probability of this result, but cynically remarked, "the small man, then, must go."[1]

Another difficulty arises out of all these nationalisation schemes. If any industry, say that of sugar-refining, is to be nationalised, there are only two courses open to the Government. One is to compensate the owners; the other, to confiscate their property. This dilemma was well summarised when kindred proposals were submitted to the opinion of the Right Hon. W. E. Gladstone. He remarked, "If

[1] Senator M'Gregor, then Labour Leader in the Senate, now (1909) Vice-President of the Executive Council in the Labour Government, speaking on a motion for adjournment regarding the "alleged coal combine," on September 25, 1907, said in reply to an interjection from his own side: "I ask the Hon. Senator whether there would be any chance of nationalising the coal industry if it were in the hands of small coal-miners or master miners. He knows well there would be no chance."

compensation is to be given, the proposals are silly; if not, they amount to robbery." The Australian Socialist has by no means abandoned the hope of avoiding this dilemma. Some Socialists would set up State management of industries in direct competition with established individual enterprises. In other words, they would enter at once and boldly into the dreaded arena of competition. Unfortunately, for the Socialists' cause, the public, like the individual, is timid over the spending of its own money in that arena, which is such a fertile field for speculation, on the economic side; so terribly liable to the incidence of false calculations or neglected safeguards, on the administrative side.

They, however, protest in answer to these objections, that, even in the arena of competition, their efforts have been successful—at any rate to some pleasing extent. They allege that in a very limited field they have been successful. They point to the State Life Assurance and Fire Insurance schemes of New Zealand. Here, the State has, with its eyes open, entered into competition with private enterprise, and with alleged success, according to the reports of those whose office and pay depend on that success. Such a mode of argument and reasoning is a powerful illustration of the dangerous fallacy of reasoning from the particular to the general. Whether Life Assurance can be profitably entered upon, either by the State or by the individual, is at bottom a mere problem in mathematics on one side and efficient and economic management on the other. The essential portion of the problem is purely mathematical. On that portion of it there can only be discussion on the sufficiency of

the data supplied. On the administrative side, if there is to be competition, the prospects of the State servants are and can be no wider, no better in the end than of those engaged in private enterprise. The whole business calculation is (for the mathematician) a simple one. But when it is pointed out that the problem of setting up State woollen mills, State foundries, State refineries is an essentially different problem, infinitely more complex, and subject to causes and effects entirely beyond human anticipation and control, one meets with all the sublime confidence of a savage in his superstitions. It is argued that the State, like Providence, will and can control the orbit of all enterprises, untrammelled and unimpeded by natural law. The disputants have now no common ground on which to argue. Superstition is absolutely impervious to either science or logic.

From another point of view, the Socialist of a certain type is inconvertible. This point of view is well illustrated in the speech of the newly elected Socialist leader (Mr. Fisher), who, when dealing with the nationalisation of the iron industry in the House of Representatives of the Commonwealth Parliament on November 17, 1908, taunted the Government (which he supported) with the success of the Railway systems, the Post Office systems, the State Railway workshops, and other forms of State enterprises. He said, "These have all proved successful; why can't you also start a huge iron industry?" The Post Office and the Railway systems are, in their essentials, comparatively the simplest of problems—the economic transportation of a letter or a parcel of goods from one place to another. The Post Office has no concern

with the manufacture of the paper, the pen, the ink with which the letter is written. But to argue that because a State department can arrange for the transport of a letter it can also arrange for the sole control of all that is inseparably essential to the letter itself, is to confuse things which have nothing in common. The State may engage in the enterprise of transportation. That is one problem. But that it may profitably engage in the manufacture of paper and ink is quite another problem. And so with State Railways. It is one thing to carry sugar and wheat; it is quite a different thing to grow them with the certainty of economic success. You can calculate the cost of the engine, the labour, the coal, and the trucks, but you cannot calculate whether sugar or wheat will in any season pay for the cost of growing; or even grow at all. And if they do grow and realise in one locality a certain standard of production, the price which the grower will realise depends on the average which the world will produce. This is a factor which cannot be anticipated or controlled by any State authority in the world.

State Railway enterprises may (or may not) have been successes in Australia. There is room for considerable doubt about the matter. Shortly after their initiation as State enterprises, each State hurried to put them under the control of independent commissioners, whose jurisdiction over many of their operations is as complete, as unquestionable, and as remote from ministerial or political influence as are the decisions of the Law Courts. The States found it imperative to save them from uncontrolled State power. This is an aspect of the question that is seldom

presented when the Socialist is boasting about the success of State enterprise. The State in Australia has been most successful (if successful at all) when it removed railway management from the control of the State—*qua* State. It is no part of the historian to dissect a railway balance-sheet. But on this point, it is open to question whether the State Railway balances of Australia will stand the test (economically) of an accountant's investigations.

There is still another aspect of the question to be considered, when one reads the pæans of praise lavished on Australian State Railways. No competitor could enter against State enterprise. The State names its own terms. Not a mile of railway could be built without its sanction. Australia has this field absolutely to itself. It is quite clear that scarcely any individual enterprise would be entered upon, except under conditions which would not justify what would amount to speculative risks on the part of the State. It is often argued in Australia that because State Railways are (presumed to be) an economic success, State mail-steamships can be run with economic success also. An essential factor is forgotten. On the land Australia can shut out all competitors; on the sea it cannot shut out one. But your Socialist, on the hustings, has not time to refine, or does not care to do so.

CHAPTER XIII

SOCIALISM AND POPULATION AND INTERNAL DEVELOPMENT

An extraordinary feature in Australian politics is revealed in the fact that it is the first time in history, ancient or modern, that the principle of community of ownership, or, alternatively, State ownership of the means of wealth-production, distribution, and exchange, has found such wide acceptance and such strenuous advocacy and support amongst civilised people in a new country. Such political doctrines are usually a conscious or unconscious protest against the accumulation or the misuse of wealth. The accumulated wealth, as a factor in the oppression or suppression of national or popular ideals in the political development of a nation, is seldom evidenced, except under sufferable "combines" or when the pressure of population against the means of subsistence in a country suggests the wisdom of a certain portion of its inhabitants finding new territories affording readier means of expansion for the natural increase of their population. It cannot for a moment be contended that the population of Australia, numbering about

4,230,000, finds any severe pressure in the struggle to obtain the means of subsistence from its natural productiveness. If any doubt prevailed on that point, the immense volume and value of its primary products and the enormous area of unoccupied territory at once dissipate it. It is a complete refutation of a common but ignorant belief that Australia is, on the whole, a dry, hot, and a barren country, capable only of supporting a comparatively sparse population. So that Australian Socialism is not the natural fear of an imminent struggle for existence (under increasingly intense difficulties), nor the outward sign of a well-grounded discontent against the natural or social means for development and expansion, nor a last protest against despotism.

One can trace the origins and causes of the conflicts between masses and classes in the English Revolution against the Stuarts; the French Revolution against monarchical, aristocratical, and clerical privileges. One needed not the inspiration of a prophet to forecast the revolutionary wave that shook every throne in Europe in 1848. It was little more than ordinary prescience that saw in the taking of the Bastille the making of a revolution which would change the whole complexion of the future of civilisation.

The historian and philosopher not intimately acquainted with the detailed course of our internal developments, attempting to make social forecasts from past precedents on the political future and destiny of Australia, finds himself baffled in the difficult search for the causes and origins of Australian Socialism. We have, in a sense, no history. It is a maxim,

"Happy is the country which has no history." Australia is a conspicuous example in another sense, reversing this maxim. If a country has not trouble thrust upon it, it can easily achieve trouble on its own account. By a process of exclusion, one arrives at the conclusion that Australia's Socialistic nightmares are purely of political and artificial origin. To trace the causes and origins we have to confine ourselves exclusively to those internal and artificial phenomena which are the essential characteristics of the stages of our development. Some of those have been indicated in the preceding chapters. One factor lies in the spending of immense sums of money on State works, unaccompanied with a corresponding development of the natural productiveness of the country. This has been clearly indicated in a previous chapter, and it may be well to deal with some of its essential features in greater detail.

It was a maxim of the Emperor Augustus that all roads in the Roman Empire led to Rome. In Australia all roads (that is railroads) lead to the capital cities—and paradoxically nowhere else. The country exists for the development of the capital cities, not the cities for the existence and development of the country. Sydney means more to New South Wales, Melbourne means more to Victoria, Adelaide means more to South Australia, than Paris to France, Berlin to Germany, or St. Petersburg to Russia. The population figures show this. The total population (1906) of the three longest-settled States of Australia amounts to 3,142,466. The three capital cities number 1,240,841 of that total,—considerably more than one-third of the whole. Of the total population

of Australia, about one and three-quarter million is found in the ten largest cities; or, roughly, a little less than seven-sixteenths of the whole.

Again, another phenomenon confronts us. Take a straight line from Adelaide (South Australia) to Townsville (Queensland), and Australia is divided into two portions. The one, lying south and east of this line, forms about one-third of the continent; the other, on the north and west, about two-thirds. The former is very sparsely inhabited, and has about one-third of its population concentrated in its five capital cities. The latter, with the exception of a small knot of population round Perth and Freemantle and the adjacent gold-fields, is still in a condition of primeval wilderness. Putting this result concretely, it amounts to this. A small portion of Australia's population is spread very sparsely, in almost infinitesimal numbers, over an immense area of about 2,000,000 square miles; immense numbers of the remainder are closely concentrated in a few large cities, all of which are close to the seaboard. Australia is especially a continent of some few but closely packed towns. Its politics, its social, intellectual, and civilising ideals, bear deep and indelible impressions of the rigidity and, to some extent, the selfishness of its packed and urban populations. Necessarily, nothing can be more provincial than a capital city; just as nothing is more conservative than wealth and the *bourgeoisie*.

It has been the boast of English Liberalism that what Lancashire thinks to-day London will think to-morrow. The maxim illustrates the natural tendency of the general law that the opinions and ideals of the country, as against those of the towns,

must ultimately determine the policy and development of the country. The country makes the country's laws. The cities make its revolutions. Australia, being a country of immense distances and intense concentration of people on a small area, has proved a fertile field for a sudden and intense development of a revolutionary system of politics.

In contra-distinction to the English maxim of Liberalism, it may be said that what Sydney, Melbourne, and Adelaide think to-day, New South Wales, Victoria, and South Australia will think to-morrow. Developmental lines of progress radiated from, and were deliberately concentrated in and towards those three cities. Take a map of Victoria. Look at its network of railways. All railroads lead to the metropolis; they are intended to lead there. They would not have been permitted to be built unless they led there. Every intermediate city or town is but a short stopping-stage on that road. No intermediate city or town is a depôt for industry or manufacture, fed and supported by its connecting link of railways, such as are Manchester, Birmingham, Bradford, Hull, and Sheffield in England; or Chicago, St. Louis, Philadelphia, and Pittsburg in the United States. We have no evidence in Victoria, nor perhaps anywhere in Australia (excepting Queensland), of a course of development corresponding with the provincial development of the United States, the United Kingdom, and (more recently) of Canada.

In South Australia a similar tendency is still as strongly marked. It took over the Northern Territory in 1861, and left it a desert, an unfortunate heritage, which the Commonwealth (it is said) must sooner or

later take over, and probably with the incubus of its debt and its long train of disastrous failures. It was not until Sir Hercules Robinson, Governor of New South Wales from 1872 to 1879, impressed on the politicians of Sydney (then practically New South Wales) the vital necessity of striking its railways north, south, and west, as the essential factor in its development, that the latter State started this useful work in the country and from the country, and thenceforward began to leave Victoria hopelessly behind in the race for Australian precedency in population and wealth.

It is true that the geographical conditions of Australia have favoured this concentration. It has but few ports. Between Brisbane and Adelaide there are probably not more than half a dozen safe and commodious harbours. Hence the few commodious harbours it possesses have gradually grown into great central depôts for exports and imports. The consequent rapid growth of population round these central ports has had the effect of centralising the few great manufacturing industries in their midst also. But it may be doubted whether Australia does not possess finer and better harbour accommodation in proportion to its area than the United States, and yet the growth of the great provincial centres in the United States has quite kept pace with that of New York, and more than pace with San Francisco and New Orleans. Certainly its numerous waterways supply a marked deficiency compared with the hydrography of the interior of Australia. Still, making due allowance for this, the internal development of Australia, compared with that of the

United States, is now an exhibition of stunted growth and arrested progress.

Prior to 1881 Australia received 477,639 immigrants. Between 1881 and 1902 it received only 167,817. The stream has been steadily decreasing since 1902. Between the years 1902 and 1906 the excess of immigration over emigration amounted to only 9920 persons. For the decade 1881 to 1891 the excess amounted to 386,900. The total excess from 1890 to 1906, a period of over a decade and a half, amounted to 59,550. In twelve years, from 1890 to 1902, Victoria lost 123,855 persons; almost the whole of these being attracted to the West Australian gold-fields. South Australia lost 21,542, and Tasmania lost 2279.

The following figures show clearly the concentration and increase of population in the four large capital cities:—

PERCENTAGE IN CAPITAL CITIES OF TOTAL POPULATION IN RESPECTIVE STATES

	1871.	1881.	1891.	1901.	1906.
Sydney .	27	29	33	35	34·4
Melbourne .	28	32	43	41	42·7
Brisbane .	12	14	23	23	24
Adelaide .	23	37	41	44	45

(See Appendix for amounts spent on Immigration.)

The period from 1890 to 1906 marks the birth, development, and almost complete parliamentary dominance of Socialism in Australian politics. The Socialist party have been steadily and irreconcilably opposed to state-aided immigration. Various reasons for this attitude have been assigned by their leaders. In 1890 the financial barometer was falling rapidly

and ominously. In 1893 a financial cyclone devastated Australia. It certainly was a sound policy to cut off the stream of immigration pending the imminence of that cyclone, and during the necessary period of reconstruction. But that reconstruction had been safely and soundly accomplished not later than 1896. Australia then began a course of reconstruction and progress, unhampered till the drought of 1902 and 1903. During the years 1903 and 1906 the volume of its trade exports and imports, and the internal development of its industries, advanced by leaps and bounds. The excuse for the total stoppage of immigration had entirely disappeared.

Formerly the cost of immigration was paid by the respective States to a large extent out of their loan funds; some State Treasurers arguing rightly that immigration was as much developmental work as railway and harbour construction, the burden of which ought to be borne in part by posterity, which would mainly share in the benefit of it. In 1893 Australia was forced to cease borrowing, and wherever the Socialists could enforce their demands on Parliament they insisted on the total abandonment of the loan system, making an heroic virtue out of a necessity. In 1893 Australia for the first time in its history turned earnest attention to the development of its agricultural resources. Mining and grazing were till this date the great magnets attracting population and capital to Australia. The States began agricultural development in the form of village settlements, the people rightly claiming that our own settlers had the first claim on our own lands, and that they should be served in preference to the stranger. These settlements were failures,

mainly because of the fact that an agricultural population, like Rome, cannot be built up in a day. But the Socialists are equally determined that such a population shall not be built up at all by State aid, through immigration, under any circumstances. They allege a reason for this suicidal policy, which, while containing some scintilla of truth and justification, is largely a false pretence. They allege that there is no land now available ; that the most suitable areas are alienated in freehold, and their ownership is concentrated into large holdings, preventing the small settler from either getting a sufficiently large area, within reasonable distances of the railway lines, or any areas in remoter portions, on which he can hope to make a living or bring up a family, except under conditions of unendurable hardship. Hence their advocacy of a swingeing land tax, and their incessant clamour for the bursting up of the large estates. They propose a graduated land tax with exemptions below a margin of from a £300 value to a £1000 value. The margin of exemption is a mere detail, and some of the extremists protest against any limitation. The Socialists, however, have failed to show that the land tax already imposed in some of the States, in addition to the burden of local rating in all of the States, has been followed up by the sale or subdivision of any considerable portion of these large estates. It is still an open question in Australia whether anything but a drastic law, preventing the private sale and purchase of any quantities of land beyond a fixed statutory amount to one single individual, could prevent the grasping of large areas by persons having command of a large amount of ready cash, and suffering from a severe form of earth

hunger. Further than that, since 1880-1885 the alienation of large areas in freehold of agricultural lands by the Crown has been expressly forbidden by Statute in every State of the Commonwealth. To prevent the transmission of land by legal settlements on the family or kindred of the settlor, or by will in the case of a testator, is probably a drastic course of action which public opinion would not tolerate. And as the imposition of succession and probate duties varies from 2 to 10 per cent in many of the States, according to the nature of the estate and the character of the succession, it is evident that much of the land of Australia held in freehold is paying in taxes and rates quite its just proportion of the expenses of government. In any event, the hollowness of the whole plea is proved beyond question by the fact that only about 6·5 per cent of its territory is alienated in freehold, 39·21 is held under Crown leases or occupation licence, and 54·35 per cent is still unoccupied in any form of settlement.

The Socialist is opposed to immigration on other grounds. He contends, with a certain speciousness, that it is no part of the duty, and is entirely opposed to the interests of citizens, that they should pay the cost of providing the passages of competitors against their own labour in Australia. His argument extends to the case of the farm labourer as well. He is bound to extend it to those limits, and in a sweep of this circumference it takes the form of unqualified objection to state-aided immigration in any form.

The argument from the point of view of state-aided competition against the artisan class has almost irresistible attractions for the Trades Unionist. If works

and buildings and the manufacturing industries are slightly ahead of the supply of the required labour, the Trades Unionist argues that his pay is a mere matter of "squeeze."

Such a doctrine has a natural but very dangerous fascination for the worker and artisan. His work is almost the equivalent of his life. His naturally intense dread is concentrated on the continuity of and the remuneration for his labour. The millionaire has an intense dread and anxiety as to the future of his millions. There is only one thing more nervous than one million, and that is two millions. The artisan's dread of competition against his labour is quite as natural and infinitely more justifiable on moral and social grounds. It is a curious manifestation of class interest and bias, that many a politician, who is insistently clamorous that capital shall receive every form of legislative encouragement and protection, regards the corresponding anxiety of the artisan as affecting his labour as the expression of anarchic mischief. The millionaire's and the artisan's dread is alike founded on the same reasons and fears, and has the same resulting purpose in view. But the grounds of the artisan's dread are not only not soundly placed, but are based on a delusion which the Socialist leaders sedulously cultivate, while keeping him blinded to the real meaning and effect of labour in its individual and economic effects. The artisan is a competitor against another; so is one million of money against another million. But if one million of money is making 4 per cent, and a country's resources are capable of absorbing some more millions, each additional million is an aid to the other (within certain limits) making some

remunerative profit, say 4 per cent. So with the labour of the artisan (within exactly the same species of limitation). If the country's resources can barely keep pace with the millions available for their development, the interest-producing power of one million and each succeeding million falls. It is precisely the same with labour. No legislative enactment can in times of drought, or in periods of financial crises, add a fraction to the rate of interest, or the wage rate of labour. The ultimate test, then, and probably in all cases, is, not a statutory fixed minimum of either wage or interest, but what the country's resources can enable its people to pay, whether they are investors, borrowers, or manual workers.

The Socialist is careful to point out to the Unionist and non-Unionist alike that labour is the source of all wealth. He is particularly emphatic on this point when he is preparing to drive home the inference that labour should own and then share all wealth, and that its distribution should be exclusively controlled by State authority. But he entirely rejects the proposition when the alternative question comes up for consideration—if labour is the real source of all wealth, what has the artisan class to fear in additions to the labour supply of a country? After all, it is the Anti-Socialist in Australia who believes that there is some truth in this proposition, and the Socialist who (for his own political purposes) repudiates and denies it.

Even in a Utopia of Socialism or Communism, it is only the surplus over cost of production and distribution that can be available as payment to the worker. It is only the surplus that is wealth. The greater the production, *i.e.* the greater the volume of

labour and machinery and fixed capital, the greater the surplus available for distribution. The Socialist has, however, made the astounding discovery, especially (and only) applicable to Australia, that labour is solely competitive. The natural corollary to such a theory is the statutory enactment of a minimum wage, which is closely margined to the limits of subsistence, since the bare cost of living is the sole basis or standard on which the minimum can be determined. The Australian Socialist does not care to see that nature only in a very few places of the earth has imposed a minimum wage on the inhabitants of a country. Some races in some quarters of the globe have remained savages because of their inability to burst the bonds of that apparently fixed minimum. As a general rule a race in a fairly fertile region that is content to subsist at the level of a minimum, or creates a false one, must give place to a race that will find or make a higher one, or adopts a safer one. The Australian Socialist in his fear of competition has invented a remedy which in his particular case may be vastly more dangerous than the disease he dreads. Besides that, how can a country develop without labour?

Australia, thanks to its Socialistic obsession, is, in the opinion of many observers, dangerously close to the imminence of nature's punishment for social and moral delusions. It is struggling for development in the close proximity to an alien race, in some economic respects not inferior but superior to our own. It is quite true, in a sense, that we fear the Chinese and Japanese more for their virtues than their vices. It is certainly not questionable that they work longer hours, require less pay, are content to live at a lower

standard than the European workman, and in certain mechanical trades are able to keep pace with his efficiency and skill. The patience, industry, reliability, and thrift of the Mongolian worker form a marvellous combination of economic virtues. The Japanese have reached at a bound the status and efficiency of a first-class power. The Chinese are certainly awakening to the necessity of entering into the competitive arena not only against the Japanese, but Europeans as well. The two nations, including the Mongolian population in the East Indies, number not less than 450,000,000. There is no indication that their fecundity and industrial efficiency are waning. There are over 20,000,000 Mongols in the Archipelago, within three or four days' steam from the Australian mainland; and the mainland in close contiguity to them is to-day, as it was in the days of Dampier, almost an absolute wilderness. The population of Australia has increased annually since 1900 at about the rate of 1·5 per cent, the lowest record in all its previous history. No country under the British flag, naturally capable of supporting a large population, exhibits such a slow rate of development; a rate strongly indicative of decadence before the country can be said to be within appreciable distance of its adolescence. Should this rate of increase not be accelerated, the population of Australia in 1950 will be under 8,000,000. Assuming that the population of the United States in 1900 was 4,000,000, and that it maintained the rate of increase averaged between 1776 and 1860 (certainly not the era of its greatest rate of increase), the United States would have contained a population of about 15,000,000. Assuming that the Mongolians of China and Japan increase at the same rate

as the Germans (and there is no indication that they will not do so), then that population in 1950 will have increased to the enormous total of between 750 and 800 millions. The compression of the Japanese within the limits of Japanese territory is physically impossible. Both Germany and Japan realise this dagnerous imminence to the future of their people. Will Manchuria and the north, east, and west of the Chinese Empire be able to absorb the Mongolians? Or will the north-western mainland of Australia, which will probably be then, as it is now, practically uninhabited, be subjected to the intense pressure of these teeming millions driven to find rest for the soles of their feet. If some modern Attila arises, whither will he lead his fleets and armies? Australia is certainly within the easiest striking distance for that sweep, and offers the richest prizes.

Speaking to a deputation which waited upon him at Brisbane (Queensland) in 1897 for the purpose of enforcing stricter administration of the Chinese and Japanese exclusion laws, the Attorney-General, the Hon. T. J. Byrnes, reminded them that the only ultimate and effectual means for keeping the yellow man out was to bring the white man in. All laws unsupported by this natural defensive weapon would, he distinctly declared, be as ineffective as applying a piece of sticking plaster to a cancer. The deputation on leaving his office at once set to work to see that Labour thoroughly misunderstood the unchallengeable but unpalatable truth he had delivered to them. Queensland at that time had refused to combine with the other States in the passage of one strict, uniform, exclusive law against the Japanese,

preferring to arrange the control and amount of the Japanese influx directly with the Japanese Government; both Governments being willing to do their utmost to prevent any influx of the agricultural or artisan class of immigrants from Japan. The Government of which the Hon. T. J. Byrnes was a member, was the lineal successor of that Government which in 1890 had sanctioned the re-enactment of the laws permitting the indenturing of Kanaka labour to the sugar plantations. The Attorney-General was accused of being secretly in favour of flooding Queensland, and Australia through Queensland, with cheap Chinese and Japanese labour. He and his Government were designated as the most dangerous of all foes to the interest and claims of the white worker, the avowed enemy of the white man, and the agents and tools of a ring of sugar planters and refiners. Besides that, was not the Attorney-General only making the Japanese and Chinese bogey a mere peg on which to hang his excuse for filling up Queensland with white people, so as to make them competitors with white labour, and still further to enchain them to the slavery of the wage-earning system? The Socialist drew all his cant from the armoury of his ignorance and calumny to repel the very significant warning, and the sound common sense contained in that advice. The Socialist would not have the yellow man, and did not want the white man. Both, in different degrees, were repellent to his ideals of State construction. The force of folly "could no further go." But this cap and bells performance was sufficient to prevent some of the working class from seeing the grave danger that confronted Queensland and Australia, and still confronts them.

In 1901 the Socialists held the balance of power in the newly formed Commonwealth Parliament. The two most populous States, New South Wales and Victoria, were irreconcilable on the questions of Free Trade and Protection. Mr. Barton (its first Prime Minister) had not a sufficiently strong following to determine a fiscal course acceptable to the supporters of either fiscal theory. The King's Government had to be carried on by somebody. Socialists, Free Traders, and Protectionists were each looking for the spoils from the fiscal table. All he could do was to allow the ship to drift, providing the drift did not run his Ministry on the rocks. His Minister for Customs (the late Mr. Kingston) had succeeded, after a desperate and long-continued struggle, in passing a moderate tariff unsatisfactory to each fiscal party, and bristling with anomalies. The Socialists then threw their weight into the scale of a moderate tariff, and though the Prime Minister and the Minister for Customs were moderate in their Protectionist demands it could not, without their aid, have emerged as it did in 1902. In return for preserving the Prime Minister's political life during the transition period of the tariff struggles of 1902, the Socialists forced the introduction of the Immigration Restriction Act. The State laws then in force were sufficiently drastic to prevent any sudden or surreptitious influx of yellow aliens, but it was absolutely necessary that the party should approach the limelight. They forced the passage of an Act which arrested the attention of the whole world to Australia.

This Act (The Immigration Restriction Act of 1901) was never intended, and never, as a matter of

fact, was administered so as to affect unfairly any European. But its ambiguously worded provisions left it easy to the Minister in charge to exclude anybody from Australia if he so desired. Parliament was asked to read between the lines, or on the margin, this warning: "We presume that the Minister in charge will be neither an idiot nor a despot nor both." The Socialists desired that the Chinese and Japanese by special designation should be expressly excluded. It was known, however, that any Act containing a clause so worded would be disallowed, both on diplomatic and constitutional grounds. Much against their will, and after a mock display of intense indignation against the tyranny and the right of His Majesty's advisers in the Imperial Parliament to recommend such a use of the power of veto, a clause, taken mainly from the Natal Act of 1897, No. 1, Section 3, was agreed upon. This is the famous "dictation clause." A polyglot alien might escape its provisions if acquainted with every European language. The compromise saved the Ministry and probably international complications. Not content with the humiliation of the Ministry, or the Ministry's humiliation of the Socialists (the debates leaving it difficult to determine who were swallowing the leek), the Socialists insisted on the insertion of a clause providing for the definition of a "prohibited immigrant." The Act in clause 3, sub-section (*g*), provided that the term "prohibited immigrant" included "any person under a contract or agreement to perform manual labour within the Commonwealth." There was a proviso to this sub-section to the effect that it would not apply "to workmen exempted by the Minister for special skill

required in Australia." Though there were quack chemists and scientists in abundance in Melbourne, Sydney, and elsewhere, the Socialists made a strong show of magnanimous enlightenment in not excluding a Pasteur or a Kelvin, should any State Government or private firm desire their services on the spot to investigate any scientific problem for which their genius alone might find a solution. The clear object of this clumsily worded clause was simply to prevent the introduction of workmen during periods of strikes. It was disarming employers of one possibly formidable weapon. An occasion arose which made Australia the subject of both the tears and the laughter of the Empire.

A hat industry had been established in Sydney. The proprietors imported workmen from England, expert in a particular branch of the making-up of the finished article. In all probability the English workmen refused to leave England except under a contract for certain employment, for a certain period, and at a certain wage. The employers were either ignorant of the provisions of the subsection of the Act, or assumed that in any event it would not apply to their case, as they had agreed to pay the Union rate of wages, and as a matter of fact were paying it to their Australian workmen.

They had advertised for workmen in Australia, apparently without success. The hatters arrived in Sydney by the *Orontes* on December 3, 1902, and very naturally the Unions drew attention to the position. Technically there was a clear breach of the Act. The six hatters were temporarily prevented from landing until inquiries were made. It was clear

that the Act had been broken. The question then for solution was, "What was to be done with them?" The penalty to which the men, who very reasonably may be presumed to have known nothing about this phase of the law, were liable was (*a*) imprisonment for six months; or (*b*) in addition, or substitution for imprisonment, deportation from the Commonwealth; (*c*) finding two sureties each for £50 to quit the Commonwealth within one month. The Government dared not enforce any one of those provisions for the breach of the Act. Yet Shylock asked for the enforcement of the bond. The Prime Minister (Mr. Barton) repeated Portia's rôle. He turned to the subsection and found they were exempted "for special skill required in Australia." In other words, that six such men could not be found in Australia, or at any rate, if they could be found, they were fully employed. The men had the satisfaction of saluting the Prime Minister, and complimenting him on his ingenuity. Australia had performed in farce the political *chef-d'œuvre* of our times.

On December 21, 1905, the Act of December 23, 1901, was repealed, so as to prevent the possibility of the recurrence of any such fiasco, by the passage of the Contract Immigrants Act of 1905. It repealed the whole of subsection (*g*) referred to, and permitted contracts to be made with British subjects born in the United Kingdom, or descended from a British subject there born, and with other Europeans, when the contract received the approval of the Minister. Domestic servants and personal attendants were excluded from the provisions of the Act.

A case had arisen in England, involving the solution of the question, "Could a man bring all his capital and all his field labourers with a view of taking up and cultivating land in Australia?" It was decided (and on the law, as it then stood, affecting the question there could be no doubt) that he could bring his capital, but not his farm hands under agreement with them. As the intending settler had his doubts about the quality and reliability of the casual labour available for field-work in Australia, he threw up his scheme. He did not shake the dust of Australia from off his boots, for the excellent reason that he was prevented from ever reaching it. This second Act in the farce played by the first Commonwealth Parliament so roused public opinion to the imminent tragedy or mischief involved in it, that the Act was modified in 1905 in the direction mentioned.

The history of this legislation illustrates the tendency of Socialists in Australia to develop their ideals of humanitarian legislation into a mere vehicle for senseless and dangerous mischief. Like children, they are never more mischievous or dangerous than when bent on displaying their fireworks. They have a remarkable weakness for displaying them in close proximity to some social powder magazine.

Young Australians are proverbially credited with being victims at a very early stage of their physical development to what is called "the tired feeling." The climate is (falsely) said to be responsible for this sudden development of premature decadence. The fiction was invented by a certain journalistic school of writers, whose cynical and artificially realistic descriptions of Australian life and society have done as much

to degrade and defame it as all the work of all the brood of that awful collection of crime and misery which was shot on our shores on and after January 26, 1788. Politically, however, a tired feeling is beginning to set in strongly. It being an intensely difficult, or at any rate an apparently Herculean, task to prevent the Socialists from attempting some of their displays of fireworks, there is a "tired" feeling that the mischief arising out of some of these explosives would be infinitely more tolerable than the constant tension of terror and alarm involved in the work of prevention. A policy of forcing or permitting the Socialists to take the full responsibility for some of these firework displays in the domain of politics is, in certain quarters, finding some support. It is urged that, as with children, it might be just as well to let Socialists handle live coals in order to convince them that fingers will be severely burnt. The Socialists have an instinctive dread of this result, and the responsibility and consequences involved in it. There is only one feeling more strong than their platform denunciation of those in political office, and that is, their dread of assuming it.

On the question of immigration the Socialists have all but carried their fireworks into the magazine. The rise of Japan to a first-class power, and its tremendous influence in determining our future destiny, have awakened Australia and the whole white people of the earth to the problem in front of us. The socialistic resistance to the policy of quickly filling our territory has now become the merest pretence, and its apologetics mere blindness and a text to catch votes.

The whole weight of the demagogy of the closely

packed towns (it were an insult to Australian democracy to couple or name it in such a connection) has been successfully thrown under the influence of the delusions described, against a vigorous and well-ordered system of immigration. The Trades Halls, engineered and impelled by their socialistic office-bearers and seekers, temporarily fascinated and paralysed the reflective powers of large numbers of the workers. Australia had very few politicians who would risk either the struggle of confronting this massed opposition, or the chance of continuance in office after strenuously opposing it. Such a result goes to show, not the immense power of the urban vote, but the terror of confronting and defying the machine which worked it up and stands behind it. It is only in the closely packed centres of urban population in Australia, as well as elsewhere, that machine politics can work quickly and effectively. In the closely packed population of Australia it finds the readiest means and the strongest incentive to its initiation and development. The artisan, the clerk, the casual labourer, the small shopkeeper, dreading his being crushed out by his capitalistic neighbour, not only welcomed the machine as an insurance policy against aggression and competition fair or unfair, but allowed the machine to do his political work and his political thinking as well. The issue as presented to the classes of society was not only a fascinating one, but the sense of the irresistible effect of his massed power at the ballot was the strongest inducement to employ a machine, which, even if it did no actual good to him, would serve to show dramatically his political omnipotence, and throw a perpetual danger signal on the political

rails. As almost two-thirds of the voting power of Australia was concentrated in its few towns, town and city politics and issues, rather than the profounder national issues involved in the problem of the development of a continent, determined the scope, dimensions, and momentum of ministerial or party policies and manifestoes. A socialistic régime and its following is more easily manufactured in Australia than in Paris or Berlin. Behind Paris lies a people and a nation. Behind Berlin lies another people and another nation. But behind Melbourne, Sydney, and a few of the larger towns there is yet, for the most part, a very sparsely settled territory. Hence it is that Australia's politics are so deeply scored and seamed with the scars of Socialism, and with that same Socialism which is the terror and in a measure the despair of statesmanship in other lands than ours. [D'Israeli said of Peel's Protection that it was the mule of politics; it engendered nothing. One may more properly apply the gibe or a worse term to the Socialist policy against immigration. The close proximity of the Mongol comet to our orbit has, however, opened the eyes of all the rest of Australia.]

CHAPTER XIV

LEGISLATION CONTROLLING THE RELATIONS BETWEEN EMPLOYER AND EMPLOYEE

A CHARGE is frequently made by Socialistic Congresses and journals that Australian public opinion is so strongly controlled by the influence of Capitalism, that the general condition of the worker in Australia is still one of degradation and tyranny ; that public opinion is indifferent to his condition of wage-slavery, and that practically the Legislature has done little or nothing to alleviate his lot. Observers outside ourselves, while not certain that we may not have unwisely challenged antiquity in our strong efforts to find a legislative Utopia for the worker, are unanimous that we have boldly discarded the experience of past ages in our efforts to grapple with developments in industrial operations by legislative enactments intended to preserve to the worker some of the benefits which society and civilisation generally derive from them. Their opinion is, not that we have done too little, but that we have done far too much ; that our legislative ideals have far outrun the possibilities realisable from these developments.

That form of Socialism which has for its objective

"the nationalisation of all wealth-production, distribution, and exchange," derives as much inspiration from the advancement and prosperity of a country as from its difficulties and adversities. The former condition of affairs is to them an unanswerable appeal in favour of the State ownership and distribution of the increasing wealth; the latter an unanswerable appeal against the conditions of modern society which produce those cycles of trade depression and consequent dearth of employment. The State Socialist asserts alternatively (1) That if he had control of the work of all production, distribution, and exchange, there would be uniform progress and increase of wealth, and a consequent and perpetual increase in the wage fund of all workers; or (2) That given sufficient legislative power, no such phenomenon as trade depression and dearth of employment would be possible.

The following lists of Acts and Amending Acts, all intended to secure fair and equitable terms for the worker, are a complete answer to one charge. One list is taken from the statute books of New Zealand, the other from those of New South Wales. The New South Wales Acts are typical both in number and objects of the legislation of the rest of the States of the Commonwealth. It will be seen that every class of manual work and worker has occupied the attention of every Legislature in Australasia.

New Zealand Acts (up to 1902)

1. Coal Miners Act 1891, Sections 18 to 58, and 64 to 88. Special rules and regulations.
2. Coal Miners Act Amendment Act 1901, Sections 3, 4, and 6.

3. Conspiracy Law Amendment Act 1894.
4. Employers' Liability Act 1882.
5. Employers' Liability Act Amendment Act 1891.
6. „ „ 1892.
7. Factories Act 1901.
8. Industrial Conciliation and Arbitration Act 1900.
9. Industrial Conciliation and Arbitration Act Amendment Act 1901.
10. Inspection of Machinery Act 1882.
11. Inspection of Machinery Extension Act 1883.
12. Inspection of Machinery Act Amendment Act 1894.
13. „ „ 1896.
14. „ „ 1900.
15. „ „ 1901.
16. Kauri Gum Industry Act 1898.
17. Kauri Gum Industry Act Amendment Act 1899.
18. Labour Day Act 1899.
19. Mining Act 1898, Sections 123, 166, 171 to 199, and 206 to 224.
20. Mining Act Amendment Act 1900.
21. „ „ 1901.
22. Public Contracts Act 1900.
23. Servants' Registry Offices Act 1895.
24. Shearers' Accommodation Act 1898.
25. Shipping and Seamen Act 1877.
26. Shipping and Seamen Act Amendment Act 1885.
27. „ „ 1890.
28. „ „ 1894.
29. „ „ 1895.
30. „ „ 1896.
31. „ „ 1899.
32. Shop Assistants Act 1894.
33. Shop Assistants Act Amendment Act 1895.
34. „ „ 1896.
35. „ „ 1901.
36. Sunday Labour in Mines Prevention Act 1897.
37. Threshing Machine Owners' Lien Act 1895.
38. Trade Unions Act 1878.

39. Trade Unions Act Amendment Act 1896.
40. Truck Act 1891.
41. Wages Attachment Act 1895.
42. Wages Protection Act 1899.
43. Workers' Compensation for Accidents Act 1900.
44. Accidents Compensation Act.
45. Workmen's Wages Act 1893.

New South Wales Acts

1. Employers' Liability Act 1882, No. 6.
2. „ 1886, No. 8.
3. „ 1893, No. 6.
4. Employers' Liability Act 1897, No. 28 (Consolidation Act).
5. Factories and Shops Act 1896.
6. Immigration Restriction Act 1898, No. 3 (Aliens).
7. Labour Settlements Act 1893, No. 24.
8. „ 1894, No. 26.
9. „ 1902, No. 24.
10. Mines Inspection Act 1901, No. 75.
11. Mines Inspection Act Amendment Act 1904, No. 21.
12. Mines Accident Relief 1900, No. 42.
13. Mines Accident Relief Amendment Act 1901, No. 71.
14. „ „ 1904, No. 13. (Validating Act.)
15. Mining Act 1894 Amendment Act of 1874, No. 18.
16. Mining Act Amendment Act 1896, No. 7.
17. „ „ 1896, No. 40.
18. „ „ 1902, No. 10.
19. Mining Act (Consolidation) 1906, No. 49.
20. Mining Act (Consolidation) Amendment Act 1907, No. 18.
21. Apprentices Act 1894, No. 22.
22. Apprentices Act 1901, No. 41.
23. Conciliation and Arbitration Act 1892, No. 29 (Trades Disputes).
24. Industrial Arbitration Act 1892, No. 32.
25. „ „ 1901, No. 59.

26. Industrial Arbitration Act 1902, No. 29 (Consolidation).
27. „ „ 1905 (Creation of Temporary Court).
28. „ „ 1908 (Repeal and Introduction of Wages Board System).
29. Book Purchasers' Protection Act 1890, No. 12.
30. Book Purchasers' Protection Act Amendment Act 1899, No. 25.
31. Butchers' Shops Sunday Closing Act 1884, No. 8.
32. Butchers' Shops Sunday Closing Act Amendment Act 1902, No. 50.
33. Coal Lumpers' Baskets Act 1900, No. 56.
34. Coal Mines Regulation Act 1876, No. 21.
35. „ „ 1896, No. 12.
36. „ „ 1900, No. 44.
37. „ „ 1902, No. 73.
38. „ „ 1904, No. 11.
39. „ „ 1905, No. 25.
40. Dairies Supervision Act 1886, No. 17.
41. „ „ 1901, No. 46.
42. Early Closing Act 1899, No. 38.
43. „ 1900, No. 81.
44. „ 1906, No. 91.
45. Shearers' Accommodation Act 1900, No. 74.

Each State Legislature has exerted itself in the same way and with the same purpose. The result of all this legislative work is simply to leave the settlement of industrial disputes, and the establishment of even peaceful truces by compulsory arbitration, as distant as ever. As Bismarck reminded the Socialists in the Reichstag: "You cannot hasten the progress of time by putting on the hands of the clock." Time is on the side of the amelioration of the average lot of the average worker. But the Socialist is blind to

the natural action of laws governing the pendulum's swing and has his eyes fixed only on the hands of the clock. It is easy to move them, but there is no Joshua to bid the sun hurry or tarry.

It is also to be borne in mind that the above illustrative list is an infinitesimal fraction of that part of administrative legislation which falls within the libraries of regulations controlling the relations of employers and employees under the various Acts enumerated. The list does not record the almost equally voluminous roll of rules regulating the procedure in all actions in disputes referred to the Law Courts or Industrial Courts for their adjudication. It merely shows some (perhaps not the majority of) Acts which are directly administered by the various State Labour Departments which are created, administered, and controlled by a special Cabinet Minister, responsible to Parliament. Hence it is that Australian Parliaments, State and Federal, are fast becoming mere battle-grounds for grievance-mongering. When to these very onerous duties, the administrative work of each Minister in his department is added, the result often is that by far the largest portion of the time of Parliament is taken up in discussing supply; listening to and attempting to remedy the grievances, real or alleged, not only of the large army of public servants, but of every private individual or interest directly or indirectly dependent on State administration, or involved in the wilderness of legal enactments, through which industrial operations have to thread their way.

CHAPTER XV

THE INTENSE DIFFICULTIES INVOLVED IN THE PROBLEM OF STATE INTERFERENCE AND CONTROL OF INDUSTRIAL OPERATIONS

THE Australian Socialist, like every other variety, is, as a result of this monument of legislative work, inevitably confronted with a very awkward dilemma. All these Acts are strictly confined within the limits of the regulation of industries. None of them come within measurable distance of attempting to take up and control the industries of the country. The dilemma now almost states itself. If the mere regulation of the conditions and (in cases) terms of work in the various industries requires such voluminous legislation, such armies of supervisors, such repetition of repeal, amendment, and consolidation by the Legislature, can the State safely undertake the sole control and management of all industry? And, if so, how and at what cost to the taxpayer? The Anti-Socialist is fairly entitled to put the Socialist now to the proof of the affirmative; to show a detailed cost of the experiment, and to prove that even-handed justice will be done to every individual in the community in proportion

to his capacity and the value of his work. Practically Australia has not halted in the task of attempting to establish the fairest and most equitable conditions between employer and employee. The Socialist still says that all this work is practically in vain. If so, then the platform of the Socialist is confessedly an attempt at the impossible, and his efforts are simply directed to produce anarchy intentionally under the specious plea of sympathetic humanitarianism.

Again, if Australian State administration within its comparatively limited sphere has proved itself absolutely or comparatively a failure—this is the substance of the Socialist's present indictment against it—what likelihood is there of success up to his standard under any conceivable power or effort of the Legislature when the Legislature controls all industries? The Socialist cannot or will not answer.

The Compulsory Arbitration Law of New South Wales, founded in 1901 on the results of New Zealand, South Australian, and West Australian laws and administration, expired in June 1908. It was given a seven years' trial. The anticipations placed upon it have been already mentioned. It ended in admitted failure. This result probably marks the doom of the whole principle. A gigantic strike was actually in existence in New South Wales during the passage of the Amending Act, and while the former Act, expressly forbidding and providing for the punishment of strikers, had currency, so to speak. The Labour-Socialists in New South Wales fought bitterly every line of the Amending Act, alleging that the former Act was "butchered by unsympathetic administration." During the passage of the Amending Act,

New South Wales was convulsed with a succession of strikes in the shipping trade, which threatened to involve the whole of Australia.

The Amending Act bears a new name. It is called "The Industrial Disputes Act, 1908." It really provides for the introduction of Wages Boards. It, however, allows appeals to an Industrial Court from the decisions of the Boards. In other words, it legalises the introduction of the very principle which, in an adverse decision by Mr. Justice Hodges, sitting as a Court of Appeal, was so violently condemned by the Victorian Socialists. The Boards under the Amending New South Wales Act have a discretion whether or not they shall declare preference to Unionists. Formerly, as has been shown, no such discretion existed. It still forbids lock-outs and strikes. The President of the New Industrial Court is to be a Judge of the Supreme or District Court. Formerly he was assisted (or resisted) by co-arbitrators. The co-arbitrators were representatives of the employers and employees, and as such were inevitably partisans. The new law provides for assistance of the President through assessors. The (Wages) Boards are appointed on the recommendation of the Governor-in-Council for each trade. Unions of not less than twenty employers or employees may be registered, and appear before them for the making of awards.

The new Act, embodying the principle of the prevention of strikes and lock-outs, necessarily involves the same forms of punishment as provided for in the former Act. The Unions are liable for the fines for individual breaches, but may "show

cause" that they have done their best to prevent the strike.

The Act clearly indicates the beginning of the reverse swing of the pendulum. It represents the ebbing tide against the policy of compulsion. As such, it has been violently assailed by the Socialistic leaders of the Trades Unions. Prior to the final stages of its passage through both Houses of the State Legislature amidst stormy scenes in the Assembly, the Sydney Trades Council passed a resolution advising the Unions to ignore this Act, to refrain from nominating Boards, and to rely on the power of the "strike" in future disputes. In other words, because the law does not meet with their approval, they advise not merely defiance, but a deliberate infraction of it. In face of this threatened defiance and infraction of the law, Judge Heydon, the newly appointed President of the Industrial Court, while sitting as President of the former Arbitration Court, said (April 23, 1908):—

The Act is one the success or failure of which must depend very largely upon the manner in which it is administered. As far as I can make this Act a useful instrument for the settlement of industrial disputes and difficulties, I will. I will spare no pains on my part to try and bring that about. I sincerely hope—and I hope my remarks will not be taken in bad part—that the industrial classes will see their way to give this Act a trial and not condemn it unheard, but if they condemn it at all, only after it has been tried and found guilty. I cannot help seeing in common with every one in the community, that the industrial classes are hesitating as to whether they can wisely or safely embark upon the experiment of accepting the new Act. I would venture

to urge them to give it a trial. Don't condemn it without trying it. Fears which one can see are felt may turn out to be unfounded.

This is a somewhat ominous prelude to the working of the new Act. A note of defiance on the part of one of the interested parties, and an appeal for its trial by the President of the newly constituted Court.

The new Act was further discussed at a Congress of the Sydney Labour Council on April 24, 1908.

Mr. Briant (a Socialist delegate) made a vehement appeal to his co-delegates to support the Council in opposition to the Act, predicting that unless most strenuous opposition were given to it, Trades Unionism would be strangled. He took no heed of the fact that Trades Unionism in Victoria, though working under the Wages Board System, and without the weapon of compulsion, is quite as vigorous in action and influence as Trades Unionism in New South Wales. Another delegate, however, urged that the Council had condemned the Act before it had finally passed into law, and recommended that it be referred to a committee to report on the nature and probable effect and operation of the Act. This amendment was carried by the narrow majority of 3, the voting being 40 to 37. As a counterblast to this amendment a resolution calling on the workers of New South Wales to adopt the preamble and constitution of the "Industrial Workers of the World" was carried, it being asserted in support that "Trades Unionism in its present form had outlived its usefulness." Such a declaration is a harking back to the principles which divided Socialists and Trades Unionists

so far back as 1890, as recorded in the early chapters of this volume.

It is easy (and fallacious) to argue, from the record of failure and amendment above narrated, that the author is representative of a class totally opposed to any legislative interference between employer and employee; to any attempt to restrain oppression or inequity by legislative regulation; that he and his class are ardent and inconvertible disciples of the doctrine of *laissez-faire*. It is not worth while to attempt to refute this fallacy.

Whether the civilisation of the nineteenth century is viewed from the philosophic, historic, or economic side, it is abundantly clear that the civilisation and social progress of the future will as largely depend upon the successful development of industry, as in the past they depended so largely on the waging of successful wars of conquest and for acquisition of territory. The nation which is successful in developing and enlarging its industrial operations will, in all probability, hold its relative or supreme place amongst neighbouring nations by being able to stand such tests in the war of industry as formerly it stood in the war of armies. Civilisation is confronted with new and greater difficulties and weighted with a double burden. It must maintain both industrial and military armies. Now, if it be true, as Cobden remarked, that "the accumulations of peace are the sinews of war," industrial efficiency is as paramount an element of success now as military or naval efficiency was in the past. And just as under past conditions, the control, the regulation, and the efficiency of armies or navies, or both, were the supreme concern,

both of the people and their statesmen, so will the industrial efficiency of a nation be, if not the supreme, at least a vitally important interest and concern to them. War, however, as in the past, will be the *ultima ratio*, not only of kings, but of the people as well.

It follows, therefore, that no individual or class of persons with even an elementary sense of the forces which are bound to play an important part in the moulding of that future for civilisation can be blind either to the duty or the necessity of the State (*qua* State) and the individual (*qua* individual) keeping a watchful eye on the development and progress of industry. The crux of the stupendous problem before us is the correct adjustment and balance of the two apparently conflicting elements in that development and progress. It does not yet lie within the ken of philosopher, historian, or statesman to say what are the maxims or principles determining that adjustment and balance, as between the State's interference on the one hand, and the two conflicting elements of the interests of employers and employees in the establishment and working out of industries. And for the simple reason that he has little to guide him towards that determination. It is a new problem, or if not, it is an equally difficult one. It may be that it is the old problem to be worked out under new conditions. In the social laboratory the problem amounts to the same thing. In essence it may be that military strategy involves the same tactics and methods, whether armies were equipped with bows and arrows and spears or are armed with rifled, breech-loading artillery, and repeating muskets. But no one would

argue that modern battalions and army corps can be similarly drilled, manœuvred, or equipped. It is clear that the State, the worker, and the capitalist must survey and forecast the future of industry from the new standpoint. And it is equally clear that the guiding lines determining the limits of the operation of each factor can only be determined by carefully considered experiments, with full liberty to make them, and with equally full liberty and encouragement to retrace steps hastily made or leading to further difficulties or confusion. Again, it must be remembered that so far as the analogy goes between the new and the old conditions determining the limits of State interference the verdict of the past is still a sharp warning.

This is an attitude of mind and action which the Socialist on the one hand, and the old Tory (if there be any existing survivors of that race here) on the other, will neither admit nor tolerate. Their motto is: "He that is not with me is against me," but they never allow the saving qualification to the moral warning (extending and applying the metaphor) that in the domains of the State's progress and development, there is room for many mansions.

Australia has been, by reason of its geographical conditions and relations to other countries, till quite recently, almost entirely free from even the fear of the possibility of external aggression. No racial, religious, nor dynastic wars could ever originate within the limits of its vast shores, nor could the slightest trace of any germ of future civil war be detected in any of the elements making for its development. It presented the most fertile field for bold and fearless experiments in the working out of its internal and social organisa-

tion. The peculiar favourableness of these conditions offered to a new democracy irresistible temptations, or, it may be, sound reasons for making cautious experiments.

Australia passed rapidly from the stage of experiment under the liberty and with the sanction of some of the highest impulses which its democratic constitutions originated and encouraged, into that of fanatical dogmatism and chimerical empiricism. The social clockwork, adjusted with the most delicate balances and counterbalances, regulated and adjusted according to the rules of centuries of past workmanmanship, suddenly fell into the hands of men who mistook hands and figures for time and motion, and did not see that they are the mere measurements of both.

Australia has, however, become by way of experiments, either wisely or rashly made, the most useful storehouse in the world from which to bring the work of induction and deduction bearing on the solution of some of the social problems confronting all European, and, it may be, the new Asiatic civilisation as well.

The Acts enumerated above, which proportionately are but a small portion of the skeleton of its massive framework of social legislation, contain in themselves a record of experiment which must be immensely useful to the political economists of the very near future. Let it be remembered that each original Act proceeded from a strongly expressed wish or opinion of a large section of the people, endorsed by some few or many individuals of more than ordinary intelligence occupying responsible positions in private or public life. The average politician may be entirely eliminated

from this category. As a rule, he was a mere auctioneer of or for votes. The average political party often represented only the effect of the expedient balance to be given to the sum or difference of the political bids for place and power.

Each of these amending Acts was debated at length. The original purpose of the original Act was explained; the nature of the defects with the proposed remedies were set out, often at great length. In addition to the work of Parliament there is the immensely larger volume of work done by regulations framed under the Acts for administrative purposes. All this pressure of legislative and administrative work, its incessant and ever clamant call for repeal, amendment, cancellation, and substitution, both of policy as well as administration, point irrefutably to the intense difficulties involved in determining the limits within which legislative interference may be, not only applied successfully, but applied at all, so as to inflict no positive and direct injury to employer or employee, or to both, or to the general development of the country.

The work of analysing the vast details of our Social Legislation remains to be done. It will probably require the work of many hands for the collecting and sifting process, and many acute minds for the purpose of analysing and deducing sound inferences from it. And it may well be questioned whether any definite decision should be made by any country in the initiation of any legislation dealing with the principle of compulsion in the matter of industrial disputes, not to mention the grave dangers evidently involved in any further extension till this

careful analysis is made and a clear conclusion is reached.

In favour of the results alleged to be the consequence of our Social Legislation, the condition of the great mass of our Australasian working-classes, and the elasticity and (at times) the marvellous expansion of our primary and some secondary industries, are incessantly and triumphantly put forward. It may be admitted that the condition, not only of the artisan, but of the unskilled and casual Australian worker, is about the best and highest in the world, his social environment one of the freest and most elastic; that in no place else is a man's social and material position, present or future, so freely to be worked out by and for himself as it is in Australia.

On the other hand, it must also be remembered that Australia sprang into existence at a time when science, as applied to industry, had begun to multiply the results of individual work and intelligence a thousandfold. It had almost at its birth the full benefit of the effects of that industrial revolution. Without any of the burden of that long-continued struggle to win the means by which such marvellous achievements were attained, it reached that heritage at its very infancy. It reaped in a harvest where millions had toiled and tilled apparently in vain. It had a whole continent, remarkably fertile in many parts, and rich in minerals almost in all parts, with every raw material needed for industrial development at its immediate disposal. Every other country on earth was weighed down with the heavy mortgages on past errors or defeats. Australia was dowered

with the fairest heritage ever given to a people to work out its destiny under every favouring power which Nature and Freedom could bestow on them. In nearly half a century the value of its gold and minerals, almost literally scratched from its surface, surpassed all the fabled treasures of Golconda. Its flocks and herds spread with a rapidity of increase and richness, realising, in fact, the dreams of the struggles of the Argonauts of the ancient classical stories. These attractions lured irresistibly to its shores large numbers of the most adventurous, self-reliant, and law-abiding people on earth. Not an atom of its resources was needed for defence; every atom was an impelling force making for future progress and prosperity.

It is impossible to deny that all these conditions had not some closely direct relation on the general social condition of the young Australian nation; that they did not powerfully contribute to the promotion and maintenance of the very highest standard of life and living. Place these natural favourable phenomena on one arm of the lever and sum their economic value, and find the value of the weight and force of legislative assistance in the domain of industry on the other, and then, and then only, can we determine the relative influence of each on the resultant of the two forces. Is the resultant only the equivalent, or about the equivalent, of the natural forces operating to make up our social condition? A very serious and a vital question indeed! On the one side, it is asserted that the legislative force has been no more than the fly on the wheel, where it has not been a dangerous brake working against the forces struggling

for us in our great natural power-houses. On the other side, it is asserted that without that legislative force our natural power-houses would have worked for us almost in vain. Now, on which side does the truth rest? Is the truth, and the whole truth, contained in either proposition? How much is contained in either? The Socialist will not admit the investigation, so far as the political platform in Australia is concerned. With him it is settled that unless one swears and seals his allegiance to certain cardinal principles on their platform, no man shall enter Parliament.

It is necessary to emphasise the position to which Australian Socialism has now arrived, because it is on the results alleged to be the achievement of Australian Socialism that every country bases, or is asked to base, all future social legislation. It is assumed that all our legislation is unquestionably successful, and the high standard of life and living is only the direct result not otherwise achievable. But sufficient has here been shown to cast the gravest doubt on that somewhat pharisaical generalisation, and hence the demand for a fuller and more detailed investigation of the whole field of our social legislation is not only imperatively needed for our own Parliaments, but for every Parliament intending to use it as a model.

It remains to be added that while the Socialistic Labour Organisations are clamorous and insistent in support of their principles, yet the strongest condemnation of those principles has come from the country which first initiated and most widely and stringently extended the application of them.

On 18th April, according to a telegram published

in the *Melbourne Argus* of April 27, 1908, Sir J. G. Ward, Premier of New Zealand, at a meeting at Kaitangata (New Zealand), in referring to the working of the Conciliation and Arbitration Act, admitted that the men at the Blackhall Mine had set the law in existence at defiance, but personally he was entirely against imprisonment for such a thing, and if the whole of the men implicated came and asked that the gaols should be thrown open, in order that of their own free will they might walk in, he, as leader of the Government, would give instructions that the gaols should be kept securely locked and the men kept out. Imprisonment as a remedy was practically useless and repugnant to one's better judgment. The Government had done its duty by asking that the fine imposed by the Court should be paid. The law was there, and if it was not satisfactory it should be "mended or ended."

There is the old Pauline injunction that he that would not work neither should he eat. The Socialist has considerably amended St. Paul. He says, "He that will not work shall eat—in gaol." Modern Society says that such a perversion of the Pauline injunction is a mere mixture of savagery and stupidity.

CHAPTER XVI

TARIFF LEGISLATION—THE NEW PROTECTION

RICARDO has attempted to show that direct taxation cannot fall on the working classes, since the mass of the workers, under no conceivable conditions, can earn more than is necessary for the means of subsistence. Or, to put it in more definite and concise form, that whatever be the increase in the rate of wages, it is always followed by increased cost of living. The Socialist uses the argument in favour of State control of wages until such time as he can compel Parliament to hand over to him the sole control of all industry and the distribution of the profits (if any) from it. In addition to direct legislation compelling the payment of fixed rates of wages, the Commonwealth is being urged (1908) to add to the direct force of such legislation the indirect effect of its Tariff Law on Australian industries. Such a policy is called the "New Protection."[1] The Old Protection was intended mainly to place a tariff wall against certain imports to enable the Australian manufacturer to establish industries, and to the extent of the tariff to give him support against the competition

[1] See Appendix.

of the strongly established industries of the rest of the world. It never contemplated any direct interference or control over wages or the relations between employers and employees.

The great bulk of Australian legislation since 1901 must be studied closely and directly in its relation to the position of political parties and the balance of power held by the Socialists. The New Protection is the result of a new form of auction. As a result of the Commonwealth elections of 1906 the Socialist offered to subsidise the Victorian and New South Wales tariff prohibitionists by political support in return for a Commonwealth Law controlling wages in industries affected by the Tariff. The anti-Socialists in both Houses were the common enemy. Through this combination the High Tariff was bought in at the price of a promise made to the Socialists that all rates of wages would be determined and regulated by Excise Acts to be administered by an Interstate Commission.

The flagrancy of the bargain was unblushingly candid. Ever since the publication of the first Socialistic Labour Platforms in the respective States the question of Free Trade *v.* Protection was an open one to every endorsed Socialist candidate. He had a free hand in that matter. The reason for this free hand was obvious. It was for years in the varied Australian States the bone of contention between the two existing political parties. The Socialists could support either of them in return for concessions to the Socialistic platform. Were they evenly divided the Socialists could turn the balance.

The Socialists justified this policy on the plea that,

so far as Free Trade or Protection was concerned, neither of them materially benefited the worker, who, under either policy, was equally the victim to the slavery of the wage-earning system. Prior to 1900 the Socialists had no interest in either policy in any of the States beyond using both as a screw for wringing out further concession or for compelling Ministries to obey their behests at the peril of existence. But as each State derived by far the largest portion of its revenues from Customs and Excise taxation, the general drift and tendency of State finance in all the States, except in New South Wales, was directed towards making this tariff revenue protective in its incidence on Australian industries. As the increased Custom and Excise duties relieved the State Treasurers from imposing direct taxation, it followed that prior to Federation many of the Socialists in all the States except in Victoria were opposed to the principle of High Tariff. In Melbourne, which fiscally may be pronounced Victoria, High Tariff was worshipped with fanaticism. The working and Trades Union classes in that city held Protection in much higher regard than Socialism, and regarded Socialism as only a means for obtaining High Tariff. Hence it came about that when the tariff issue was transferred to the Commonwealth Parliament, the Labour-Socialist political parties fell to pieces in almost all the State Houses, and gradually became, if not a negligible, at least a far less mischievous factor in determining the balance of power in each State Parliament. Hence, also, the supreme necessity of concentrating all their energies in winning and holding that same balance in the Commonwealth Parliament, a policy which they have been able to

carry out owing to the long and irreconcilable disputes amongst the supporters of Low Tariffs, Revenue Tariffs, and High Tariffs.

In 1902 the Commonwealth Parliament passed a Tariff which expressed an awkward and often an anomalous compromise on all three principles. No opportunity had been given to the public of Australia to express an opinion on straight-cut tariff issues. The tariff of 1902 was, therefore, destined to come, and very quickly, before the electors. It then became the particular object of the Socialists to take care that it did not come before the electors as a clear-cut issue. And during the Federal election campaigns of December 1906 they were able to mask it carefully and skilfully.

The Hon. A. Deakin was Prime Minister at the time of this appeal. He was a Protectionist. He had driven the Socialists into office; had driven them out of office; then refused to retake office; then encouraged and supported a coalition directly antagonistic to the Socialistic schemes of his former Socialist allies. Finally, in a moment of fear, or petulant irritation, or, as some of his enemies put it, in the hope of office as a reward for a distinctly treacherous breach of political good faith between himself and the Reid-M'Lean coalition, he rang down the curtain on that coalition and resumed office in May 1905 with the approval and pledged support of the Socialists in both Federal Houses. This was the party whom a few months previously he had driven from office and almost destroyed on the grounds of their attempted breach of one of the clearest sections of the Constitution guarding the rights of the States over the exclusive and sole control of their own

servants. The result of such an erratic, halting, and almost chaotic maze of speeches and actions reduced him and his few followers to a condition of utter helplessness and humiliation.

Notwithstanding the new arrangement with the Socialists, made by himself and his small following for the support of his Ministry, the alliance was very grudgingly and sullenly maintained by the more ardent and able members of the Socialist party. He had given them some hard blows in and out of Parliament, and to this section of the Socialistic party it was a very bitter pill to have to support him. The Prime Minister was now between the devil and the deep sea. He could not abandon his High Tariff principles, or his seat would not be worth a half-hour's purchase. He had denounced Socialism and the unconstitutional efforts of the Socialists in such unmeasured terms that he could neither give nor take hostages to or from them. The majority of the Socialists inside and outside of Parliament were determined he should do neither, even if he tried, and plainly told him so.

Seeing the chaos that now prevailed on the Government benches the leader of the Opposition, the Rt. Hon. G. H. Reid, sounded the tocsin of Anti-Socialism, proclaiming it as the supreme issue before the electors during the coming election. In the New South Wales Parliament he had been the most strenuous and one of the ablest and most successful advocates and supporters of the principles of Free Trade. Practically the opponents of Socialism were a mere collection (but a vast one) of disorganised and often rival associations. He left his place in Parliament for the purpose of making an Australian tour and rousing these bodies to the necessity

for taking common action and sinking all minor differences and objects. Such a course of action left him open to a combined attack, and at the same time prevented him from dealing with his foes separately and in detail. It was a direct frontal attack on the massed enemy.

Unfortunately, the personality of the leader of the Opposition invited, if it did not actually provoke, suspicion. The attack on him was ingenious, but certainly not ingenuous. At any rate, all his foes and many of his supporters who held Protectionist principles so regarded it. His foes, by speeches and cartoons, had fastened upon him the epithet, "Yes-No Reid." He had clearly said "Yes-No" on the vital issue of Federation. Powerful newspapers, holding divergent or opposite views during the long drawn-out campaigns leading up to Federation, had invited him to say "Yes" or "No" on that great issue. He was the most powerful personality in politics in New South Wales during the whole of that campaign. His word would go, and go far. He had the misfortune or felt the necessity of saying successively "Yes" and "No" on the very same issue; and still worse, of saying these words almost in the same breath. But finally, when he had to make up his mind on it, he said "Yes," and proclaimed that he would not desert the Federalists in the work of bringing New South Wales within the Federation. It adds to the charm and fascination of love when one's mistress is tossed in heart conflicts. But politics is the work of brains rather than the heart; and this vacillation on one great issue told heavily against him when he addressed himself to the next great Australian issue.

His Protectionist opponents loudly proclaimed that his Anti-Socialistic campaign was a mere pretence, masking an attack on the existing tariff and the Australian industries alleged to be entirely dependent on it. His Protectionist supporters secretly distrusted him, and in many instances secretly or covertly opposed him. Necessarily, the whole labour organisations of Australia massed all their forces fiercely against him. Nothing but an overwhelming tide of public enthusiasm flowing naturally from some great impulse could have carried him through such an ingeniously constructed defence. He miscalculated both the force of his own political personality and the weight and tide of public opinion, and but for the decisive victory gained in Queensland by the Anti-Socialists, it might be said that he was repulsed all along the line of his frontal attack.

The leader of the Opposition suffered defeat, but his worst enemy could not say it was not an honourable one, in which he had severely shaken, and all but broken, Socialism. Unfortunately, in his own State he had allowed himself to be identified, either personally or through some of his supporting organisations, with a terrific sectarian squabble that was raised and had been fanned into scorching heat during the progress of the campaign in New South Wales. This squabble had as much relation to Australian issues as Home Rule for Ireland or the Battle of the Boyne had to the foreign policy of the Mikado. It determined, nevertheless, the result of some election contests for the House of Representatives in New South Wales and Victoria.

The Leader of the Opposition suffered a party defeat.

The Prime Minister (Mr. Deakin) had to submit to humiliation. The Socialists had not forgotten that he had driven them from office, and, worse still, into office during the term of the previous Parliament. During the remainder of the term of its existence, when he was supported by the Socialists, each party to the new alliance used the short interval to the next election as a breathing-time. Each was busy selecting and preparing a battle-ground for the coming elections (December 12, 1906). It became evident that Mr. Deakin's second term of administration in the second Commonwealth Parliament (August 1905 to December 1906) was to be one of mere sufferance. Nothing is easier (and more humiliating) than the policy of dishing one's political opponents. He was forced to bring in the Excise Act of 1906, ostensibly dealing with the manufacture of agricultural implements. In reality it was a measure intended, by the imposition of a heavy duty, to exclude the importation of harvesting machines from the United States and Canada. It regulated the selling price of the locally made harvesters, practically then and now a monopoly in the hands of some harvester companies. An Excise duty was then imposed on condition that if local manufacturers adhered to the statutory selling price and paid fair and reasonable wages to their employees, the Excise duty was to be remitted to the employers. In other words, the Excise duty was held *in terrorem* over the latter to compel them to pay the Union rate of wages, and to keep down (or up) the selling price of the harvester to the farmer. This was the price of the Socialist support to Mr. Deakin during his second term of office. The Act was the forerunner of that

Socialistic-Fiscal policy subsequently called "New Protection."

There is in every Protectionist country a class of Protectionists who are practically prohibitionists, and who regard all imports as so much money irrevocably sent out of the country, to the direct loss of wealth in the country. They argue that the country should manufacture all its own requirements, and that by doing so the money is locally saved and distributed. They regard as heresy the doctrine of the modern political economists that "goods buy goods." They are only willing to assent to a 40 or 50 per cent duty because public opinion will not yet in Australia, or anywhere else, tolerate an all-round tariff of 100 to 150 per cent. A Protectionist tariff is to this class of men what dram-drinking is to the individual who suffers from an hereditary taint of alcoholism. The appetite increases by what it feeds on.

There is another section of Protectionists in Australia, however, who admit that the artisan in a new country should not be expected to compete against the lower-paid worker in the more populous and settled countries of Europe. They argue that he requires and is entitled to State assistance through a tariff. They also contend that a new continent is sufficiently rich in natural resources and wealth to enable its people to bear that burden; and especially that form of burden arising from the stress of competition during the establishment of industries. They console themselves with the reflection that, once established, these industries, by reason of the richness of the continent's natural resources, will be able without further assistance to maintain themselves against the world's

competition. They say, in effect, "We are willing to impose a 20 or 40 per cent tariff, according to the particular needs of each particular industry; after that the industry must 'paddle its own canoe.'" The difference between the two classes of Protectionists is mainly one of degree.

There were, therefore, two parties outside the Socialists who were prepared if possible to force on the electors one of two issues, or, if necessary, a qualification of both. The issues were to be Higher Tariff or Prohibition. The Socialists were hostile to both sections unless either form was accompanied with the guarantee of a Commonwealth regulated wage in the protected industries. They had won the first trick in the game and were perfectly justified in playing the game through. If the principle could be applied to harvesters, why not to every other protected industry? To this logic the extreme Protectionist had no answer. But the moderate Protectionists halted at this direct State regulation of wages which would involve all protected industries and, indirectly, nearly all the primary ones. The Protectionists were thus divided. The Prime Minister, though a supporter of Higher Tariff, dared not assent then to the principle of legislative regulation of wages in all industries by the Commonwealth Parliament, however high he might lift the Tariff. Such a principle was, in effect, the assumption by the Commonwealth of the power to control all industries in the State dependent on tariff rates. He doubted in 1901 and 1906 whether the Constitution gave him any such power of interference with the exclusive legislative jurisdiction of the States. He publicly declared that so far as the New Protection

aimed at nationalising industries the Commonwealth had no such power. It was now clear that the Protectionists of both types could scarcely expect even a truce during the coming elections.

He had practically warned the Socialists, and his warning was tinged with the direct menace of a coming attack, that he would be bound to oppose them at the coming elections. The Socialists, however, knew that the extreme Protectionists would be driven to fight under their banner. As an independent fighting force they were a negligible factor. An attempt was then made to come to an understanding between the Prohibitionists and the Socialists that neither should oppose the other in the electorates. The Prohibitionists were gambling on the chance that the New Protection was unconstitutional. They were hoping to play fox to the goat, if both of them fell into that well. The manœuvre was too glaringly apparent, though the leaders of both the Socialists and Prohibitionists by way of insurance on their own seats and chances fought long and hard to bring it about. The outside Socialist and Trades Union organisations bitterly and at once repudiated any such arrangement. The Prime Minister was thus drawn into the vortex of irreconcilability. He was forced to declare against the Socialists. He warned the public that the party had been dragging Australia close to the precipice of destruction and were now bent on pushing it over. On this point he declared himself in agreement with the Leader of the Opposition, Mr. Reid. But the latter was a declared Free Trader. An alliance with him was impossible. Mr. Deakin had declared that cricket was impossible with three elevens in the field. Some people thought

he intended to reduce them to two. He succeeded in making four. His political career has been one long conspicuous success in the same direction. He has always been the unintentional creator of quarrels. Amongst his own political family and in his maudling hesitation and weak attempts to unite natural termagants into a happy family union, he has always met the fate of the muddling mediator in matrimonial squabbles. It was so in this instance. He had to fight for his own life in his own electorate. He had to guard the Protectionism of Victoria against both Mr. Reid and Mr. Watson (then leader of the Socialist party). He did not go outside his own province, except in Victoria. He thus became little more or less than a mere figurehead in the fray.

Four distinct parties emerged from the chaos submitted to the electors: Socialists, Anti-Socialists, Protectionists, and Prohibitionists. The Anti-Socialists were by far the strongest of the four, but should the three or two others unite, however cordially they distrusted and hated each other, the Anti-Socialists were helpless.

On the re-assembling of the New Parliament in February 1907, Mr. Deakin trailed the red herring of Preferential Trade. The Houses were adjourned after a two days' sitting, to enable him to attend the Imperial Conference. He then proceeded to show the people of the United Kingdom that preference for it was perfectly consistent with a high tariff against it. On his return to Australia he had to announce the failure of his mission, and in order to secure his tenure of office he was forced to accept at the point of the sword the New Protection. He

exacted, as the price of it, their support to a High Tariff. Not a single party in the new Parliament was able to carry its principles, and the resultant tariff was a chaotic compromise on all of them, carrying a general marked increase above the tariff of 1902.

The *rapprochement* between the Socialists and the Prohibitionists was not completed without some bitterness between them, and none of the parties to it were able to enforce their "objective." During the discussion of the tariff, the leader of the Socialists (Mr. Watson) resigned, October 1907. The tariff debate still went on. The Socialists were extremely anxious to understand definitely their position. They were supporting a high tariff, and nothing distinctly committal was heard from the Ministry on the question as to where the wages determination came in. The tariff had to face the ordeal of the Senate, and the Anti-Socialists were then in such numbers that, though not forming a majority, one or two votes would decide many important items in it.

At this important juncture of issues the employees in the Sunshine Harvester Company laid a complaint under the Excise Act, 1906, that they were not being paid "a fair and reasonable wage." They took the issue into the Commonwealth Conciliation Court. The matter in issue necessarily involved every agricultural implement-maker in every state of Australia. There was no strike extending beyond the limits of any one State. There was no strike in that industry in any State. It resolved into an issue: "Could the Commonwealth Government under the guise of remitting the penalties of an Excise Act fix wages in any State?" The Socialists were risking all, and still Mr. Deakin

had given no definite parliamentary pledges on the wages aspect of the High Tariff. In order to prevent a mutiny (really to save the Socialists' faces when they went before their organisations) he laid on the table of the House of Representatives "A Memorandum Explanatory of the New Protection," on December 13, 1907.[1] The Senate was on the point of adjourning prior to beginning its consideration of the Tariff on January 22, 1908. It was necessary for the Prime Minister to declare himself. The Memorandum defining his position is in his characteristic style.

[1] See Appendix G.

CHAPTER XVII

EXCISE TARIFF LEGISLATION—EMPLOYERS SUMMONED BEFORE THE COMMONWEALTH CONCILIATION AND ARBITRATION COURT

NOTWITHSTANDING the fact that the employees of the Sunshine Harvester Company, and other employees in the respective States, and others engaged in similar industries, were appealing to the Commonwealth Conciliation and Arbitration Court the Socialists still supported the High Tariff in the Senate on the strength of the Prime Minister's Memorandum on the New Protection. The President (Mr. Justice Higgins) decided that the Sunshine Harvester Company were not paying fair and reasonable wages. He fixed a fair and reasonable wage. In the face of this action and the anticipated decision, the Company closed down portion of their works and dismissed a fairly large number of their employees. The employees appealed from the decision of the President, Mr. Justice Higgins, to the High Court. The decision of that Court was not delivered until June 8, 1908. In the meantime the Tariff, somewhat reduced, passed the Senate. (For the Judgment of the High Court, see Appendix H.)

The case set down for trial before Mr. Justice Higgins, the President of the Commonwealth Conciliation and Arbitration Court, is one of the most important cases in the history of social economics. In the first place, the President was an ardent sympathiser with the humanitarian principle "of a fair and reasonable wage," which was a condition precedent to a successful application of the Company to be exempted from payment of the Excise duties to the Government.[1] The amount for which the Company was liable was £12,000. The total of the claims of all the applicants for exemption amounted to about £30,000. The employees maintained that their employers were not paying a fair and reasonable wage. Still, there was no strike at any time, nor any indication of friction between them. It was an attempt on the part of the employees (1) to procure a definition of the term "a fair and reasonable wage," and (2) to show that according to that definition the employers had not paid it, and that they were liable in penalties to the Crown. In order to satisfy himself on that point the President had the very widest powers in looking for evidence and in selecting evidence which he thought either relevant or useful in enabling him to come to that conclusion. A preliminary question arose on the point, "On whom does the burden of proof lie?" The employees contended that it rested on the applicants for exemption. The President supported that view. As the Government had not claimed the penalties and was one of the parties who had a direct

[1] He had, however, declared in the House of Representatives in 1901 that wages control of industries in a State rested exclusively within the States' jurisdictions.

pecuniary interest in them and still did not appear in Court, the soundness of that ruling as applicable to ordinary civil action may well be questioned. As between the Government and the applicants for exemption, the Government were clearly in an analogous position to that of a claimant for damages. But under the wide terms of the statutory form of inquiry into such industrial disputes, which left it apparently open to the President to inform himself as best he could (and inferentially according to the means and procedure he thought best), his ruling could scarcely be challenged. It was plain that the issue centred round the question of "a fair and reasonable wage," and the method of proving this, together with the onus of proof, was a subordinate one, and not vital to its determination. This procedure showed that the employees would have the fullest facilities for an investigation into the merits of the case. Technicalities were to be swept aside; the men were to have what in sporting parlance is called "a fair go." They got it, and nothing in the history of social economics showed more clearly the intense difficulty of the problem which the Legislature so airily and so widely transferred to the Court's decision. One close parallel to its action is that of Pilate's washing his hands. The President repeatedly pointed out the tremendous difficulty of the problem before him, and as repeatedly regretted that the Legislature had not given him the slightest indication as to the meaning or application of the term "fair wage." The Legislature had not made the slightest attempt at a definition of it, nor given the slightest indication from which the Court might frame one. The President might have

thrown the whole proceedings back on the Parliament. But he courageously determined to do the best he could to find a way out of the wilderness of difficulties into which the Legislature, the employers, and employees drew him.

The Company produced its wage sheets. At the outset it was objected that this was practically an exposure of their methods of business for the benefit of trade rivals. Care was taken to separate the two things. The evidence on this part showed that the Company employed 109 journeymen and foremen and 298 other workmen; 109 journeymen and 179 improvers were concerned in this particular case. The working week was one of 48 hours. Overtime was paid at the rate of time and a half. For holidays, double time was paid. It was stated that overtime was discouraged.

The following rates of daily wages were paid :—

Carpenters, 10s. 8d.; engine-drivers, 9s. 2d.; engine-drivers with other work, 10s.; shaping (machines), 10s. 8d.; moulding (machines), 10s.; planers, 10s.; bozzars, 9s.; sand-papering, 8s.; morticing, 8s.; other machine work, 10s.; wood-turners, 10s.; painters, 9s.; liners, 10s.; band and jig sawyers, 10s.; frame sawyers, 10s.; circular sawyers, 9s. 6d.; cross-cut sawyers, 8s.; saw-doctors, 12s.; saw sharpeners, 9s. 6d.; labourers, 7s. 6d.; pattern-makers, 11s.; order men, 9s.; pullers out, 7s. 6d.; wheel-wrights, 10s.; foremen, 11s.

The following weekly rates of wages were paid to apprentices :—

Apprentices under 16 years, 7s. 6d.; under 17, 10s.; under 18, 15s.; under 19, 20s.; under 20, 25s.; under 21, 30s.

The following weekly rates were paid to unbound apprentices :—

Under 16, 7s. 6d. ; under 17, 12s. 6d. ; under 18, 17s. 6d. ; under 19, 22s. 6d. ; under 20, 27s. 6d. ; under 21, 35s.

Round the number of apprentices bound and unbound a fierce contest arose. It was contended by the employees that the proportion was excessive. That was not in issue, and it was dismissed from consideration. But the employees contended that apprentices over the age of 21 were kept on at apprentice wages and were not paid a journeyman's wage. If they did not accept this, apparently they could go. Numbers of men had been discharged, but the explanation was that this was due to the seasons and the time of the year.

Some of the answers elicited during the examination throw a limelight on what appear to be the probable results of the Commonwealth's attempt to regulate wages through an Excise Act. The differences in the rates of pay to journeymen, apprentices, and improvers often varied only to the extent of 2d. a day. This puzzled the President. He asked—

Why does not a big firm such as yours fix the rates of pay, and employ the best men obtainable at that rate, instead of having these finicking differences of 2d. a day ?

Ans. (Mr. G. Butt, Manager).—I have not the fixing of the rates.

As a matter of fact the managing director explained on this point, and as applying to all similar queries, that he so differentiated because the value of the work done so differentiated. The President seemed

to infer that the explanation was more or less an excuse for "finicking" economies.

What is the reason (Counsel for the Iron-moulders Societies asked) for the intense and constant pressure that seems to a stranger to characterise the work of your men? Is it due to the system of time-cards?

Ans.—No. (No further explanation was given.)

Of course the real answer suggested itself from the question. If a wage is fixed the man must try to earn that or go. This applies whether it is fixed under statute or by voluntary agreement. The words "intense and constant pressure that seems to characterise your business" are just the usual forms by which counsel always seek to catch and tickle the ear and sympathy of a jury.

How is it that according to your wages sheet about 200 of the 500 men work short time?

Ans.—I don't know. I should have said that 95 per cent of the men worked full time.

The question was either a *suggestio falsi*, or an actual *expressio falsi* if the answer was correct. If, as a fact, 200 men out of 500 men worked short time, the obvious reason (*prima facie*) was that there was not remunerative work at full time for them. Nobody but a lawyer would have quibbled over the matter. The witnesses then started quibbling, and the point, instead of being cleared up, is enveloped in deeper obscurity. But it shows the difficulty and confusion in such inquiries.

The important issues raised are fully met and faced by the President in his Judgment (see Appendix F). Once he had, or assumed that he had, sufficient

material on which he could determine (1) what were the wages paid, and (2) whether within the meaning of the Act, which he had largely to assume, they were fair and reasonable, he neither flinched from nor minced his conclusion. But an analysis of his judgment clearly establishes what so many critics of such legislation and so many economists contend—that wages increased or regulated directly by statutory enactment, or indirectly by Protection, or by both social and fiscal theories acting together, are followed (whether as a cause or a coincidence is not yet clear) by a corresponding increase in cost of living.

The President must have been aware of the fact that such terms as "fair and reasonable" are wholly relative, and that their relations are subject to an infinity of qualifications and limitations. The terms are qualified and qualifying. It is only substantive terms that can come within the province of "the absolute," and even over these substantive terms metaphysicians are still either struggling in vain or in the dark. Nevertheless he determined (as was his duty) to define them. He refused to consider any limitations as to profits, remuneration, or the value of the labour. He set up the test, "What is the cost of decent living?" That was his zero point. He then fixed the labourer's wage just above that standard, and from the standard of the labourer's wage he fixed all the others. Now, it must be obvious that if a rate of wage is fixed which just brings a journeyman who is not married over the margin of the cost of decent living, then that rate of wage is far below the margin in the case of a married man with an increasing or a large family.

And conversely, that if the standard is fixed in relation to the needs of the married man with a family, then that wage which is determined as "fair and reasonable" to him is much more than that, in that same relational aspect, to the single man.

But such an interpretation as the President was forced to put upon it must tend to strike, and dangerously so, against the very basis of social life. A standard so fixed must present a tremendous dilemma to every class of worker, male and female. They must choose between the advantages of living safely in single life within the circle of a comparatively comfortable standard of existence, or choosing the risks of sacrificing this standard to the natural attractions and instincts of marriage and family life. Two of the most powerful impulses of human nature are thus set at war with each other.

The Socialist sees this dangerous curve ahead; or possibly he is masking it. European Socialistic writers attempt to meet it by declaring that the care and maintenance of the offspring must be made a State duty. Once that phase of social development or retrogression is reached, parentage is a mere animal function. Many Socialist writers frankly accept the revolting conclusion. They openly advocate the abolition of the marriage tie. All the sanctions with which Christianity envelops it, all the obligations which it imposes on it, are openly regarded by some Socialistic writers as mere superstitions, and as directly opposed to the natural law (as they term it) of development and evolution.

It cannot be contended that the Australian Commonwealth has not attempted to grapple with

the difficulty of finding an effective means to maintain its people well above the margin of the line of mere subsistence. It may be said that it has done all that legislation can be expected to do to attain that end. It has passed legislation which, in the widest and freest terms, seeks to secure its realisation. It has conferred clear statutory powers and the widest discretion on its Courts to enforce as best they can the means to attain this end.

And yet it is clear from the latest and most carefully considered investigation and most fearlessly deliberative judgment ever conducted and delivered by a court of law seeking to enforce not only the very letter but the spirit of a statute, that nothing beyond a mere palliation (if even that) of the eternal struggle has been achieved. An analysis of that judgment from the social and economic points of view (points of view with which the learned and very fearless judge said he had no concern and could not consider) shows that in steering from Scylla the course may be set in the direction of Charybdis.

The schools of Darwin and Spencer hold that social life, all life, is an inevitable struggle to rise above the level of existence. The Socialist says it need not be so for humanity, and that society, and not the natural law, sets the rocks and shoals. The Commonwealth is attempting to prove the latter contention. It asked Mr. Justice Higgins to examine some of these rocks and shoals and to blast them out or dredge a course through them. The results are now before the world. It is clear that there was a good deal of trusting to Providence in it. That was the Legislature's, not his, responsibility. And over the

very uneasiness which is clearly revealed in the judgment, lies this great issue which is inseparable from it: Is the Australian worker a whit better off to-day than when legislation left the worker to the only resource of open bargaining for his labour with its hirer?

If by neither method does the worker rise above the cost of living, then the worker is steering still towards the same pole, though apparently travelling along opposite meridians. The legislation, if not a delusion, only tends to raise hopes that are not, or perhaps cannot be, realised. But the Socialist section hopes to use the disappointment as another lever towards more drastic attempts to get out of an apparently vicious circle. With this object in view the section in the Commonwealth Parliament forced on an unwilling and weak Prime Minister and Ministry the acceptance of "The New Protection."

Apart from the constitutional and legal issues involved, there is one aspect of the grave economic issue that the Socialist member of Parliament has steadily refused to face, and especially in Parliament. The value of a wage is inextricably related to the cost of living. If a bricklayer in England earns £2 a week, and a bricklayer in Sydney or Melbourne earns £3, it does not follow that the wages of the latter are 50 per cent more valuable (to himself) than the wages of the former. The margin of the higher wage may be all absorbed in the increased cost of living. The effect of a Protectionist tariff, while it may probably increase wages, has certainly been followed by an increased rate in the cost of living.

It may be admitted that the effect of the operation both of Wages Boards and the Conciliation and

Arbitration Courts has been to increase wages. Official statistics relating to the working of the factories go to support the contention that factory hands, male and female, are earning higher wages than were earned before the institution of both systems of regulating wages. It is not surprising that it is so. The surprise would be if it were not so. Because if a minimum wage with the usual limitations and safeguards for apprentices and the slow, the infirm, and the aged worker is fixed by law and penalty, the employer necessarily resorts to some or all of the natural means to safeguard his business. The worker must earn the minimum, or he must go. As an alternative to losing his business, the employer must take the margin between the profits and risks of his business and the selling-price of his goods out of the public. Between the exaction of a higher ratio of production from the worker and the enhanced price which he succeeds in getting from the public, it is almost certain that the employer's margin of profit remains as constant as before the introduction of the legislative regulation of his business. On this point it is somewhat noticeable that there is a remarkable dearth of statistical information in Australia showing the relation between wages, employment, and cost of living. There is abundant information confined to one aspect of the important issue, viz. increased wage. Little or none is available in the other equally important aspect of it—the cost of living. There seems to be no statistical department in Australia which has devoted any large measure of attention to this matter. Such statistics as are available are, however, just as conclusive on the question of increased

cost of living as the reports of the working of Factories Acts are on the increased wages.

The following tabulated statistics taken from the *Labour Gazette*, New Zealand, show how closely the increased rate of wages is followed by increased cost of living, and how superficial and inconclusive a factor is the mere wage in determining the question whether or not the monetary condition of the worker is improved by a State-fixed minimum wage:—

Wages in New Zealand

AUCKLAND DISTRICT

	1892	1902	Increase per cent
Masons	8s. to 10s.	10s. to 12s.	25 and 20
Plasterers	7s. to 8s.	10s. to 12s.	42 and 50
Bricklayers	7s. to 8s.	12s.	71 and 50
Carpenters	6s. to 8s.	8s. to 10s. 6d.	50 and 31
Painters	8s.	8s. to 10s. 6d.	0 and 31
Shoemakers	6s. to 7s. 6d.	7s. to 8s.	16 and 6
Coopers	5s. to 7s.	10s. to 10s. 6d.	100 and 50
Miners	7s. to 8s.	8s. 6d.	14 and 7
Tailors	6s. to 8s.	8s. to 10s.	33⅓ and 25

PRICES AUCKLAND DISTRICT

	1892	1902	Increase per cent
Flour, per bag 50 lbs.	4s. 9d.	6s. 9d.	42
Bread, 4-lb. loaf	7d.	7d. to 8d.	0 and 14
Beef	6d.	5d. to 7d.	−14 and +16
Mutton	4d.	3½d. to 7d.	−12 and +75
Pork	4½d.	5d. to 7d.	16 and 55
Butter	6d.	7d. to 10d.	16½ and 66
Cheese	5d.	6½d. to 8d.	33 and 60
Bacon	6d. to 8d.	8d. to 10d.	33 and 25
Potatoes (cwt.)	3s. 6d.	6s. 3d.	78
Coal	25s.	26s. to 55s.	4 to 111
Firewood (cord)	12s.	20s. to 30s.	66 to 150

[For details of cost of living and prices of commodities, see Appendices C and F.]

Almost identical results are indicated in all other districts in New Zealand. It is universally admitted that rent advanced 25 per cent. Men's clothes, tailor-made, advanced 16 per cent. On the basis of the increase in rent and clothing, followed by an average increase in household expenses and necessaries of food at the same ratio as clothing, an average weekly wage of £3 : 3s. in 1902 would be only the equivalent of a wage of £2 in 1892. These figures are unchallenged, and though conclusions from statistics of this character do not finally determine the relative proportion between wages and cost of living, they are weighty evidence on the negative side that Wages Boards and Compulsory Arbitration have not materially improved the credit side of the workers' weekly balance-sheet, and almost conclusive proof that the Socialistic experiments so ardently welcomed and supported by Trades Unions are remarkably close in their results to mere travelling in a circle. The results, so far as they have been investigated (as yet but superficially in Australia), tend to confirm one portion of Ricardo's theory, that for the great mass of the workers increased wages is inevitably followed by a corresponding increase in the cost of living. The Socialist assents to the theory. He argues from that basis that all profits must be taken from capital; that State-owned capital need only provide for depreciation and interest on itself and the whole residue be distributed amongst the workers. The amount so distributed will, he contends, represent the saving that can be made over and above the margin of the cost of living, which, if accumulated by the State and allowed to lie out at interest, would provide for every

comfort, and certainly much more than the necessaries required when through old age the worker becomes unable, or does not need, to work.

Hence it is that all the "objectives," both of the State and Commonwealth Socialist Labour parties, express, directly or indirectly, and as matter of time and expediency only, the nationalisation of all industry. Strikes are at least as frequent, as rampant, and as often wantonly planned and ordered, since the era of legislative compulsion or interference as before it. Wages, it would seem, are relatively no higher. The Unionist as well as the non-Unionist has gained little or nothing since he started turning the Socialistic grindstone. At least, the Socialist has not shown what the worker has gained by that operation, and the onus now is clearly thrown on him to do so. It is not a wild prediction to say that the political pendulum will move in the opposite direction, if the Socialist does not or cannot do so.

CHAPTER XVIII

THE MASKING OF THE SOCIALISTIC OBJECTIVES

A PERPLEXING question is frequently addressed to our members of Parliament, who are not connected with the Socialistic party, by visiting members of Parliament from other countries. The same question is as frequently addressed by social and political economists who visit us for the purpose of observing and inquiring into the working and the general trend of our public institutions and the motive spirit of much of our legislation. The question is this, "How can such a political party, with such a drastic and revolutionary 'objective,' find such a large amount of support both inside and outside of Parliament? Your people are apparently highly prosperous, enterprising, and law-abiding. How comes it that such a large number of them appear to demand, not merely reforms, but revolution in economic legislation and administration?" The question is perplexing. The answer to it is difficult to find, and as difficult for a casual observer, however skilled and trained in the ways of Old World politics and economic conditions, to accept, when it is found and laid bare to him. Before entering further into an explanation of the question, the reader

will do well to turn to that part of Chapter XVI. which deals with the history of the passage of the High Tariff Act of 1908, and the political manœuvring which reduced all sections in the Commonwealth Parliament to almost a mere collection of chaotic units, led by a helpless and spineless Cabinet.

It has there been shown that during the Federal General Election of December 1906, the two main issues presented for the consideration of the electors were Socialism and Anti-Socialism. The two minor issues were High Tariff or Revenue Tariff. All parties save one were divided on Tariff issues. If the public could be deluded into believing that Anti-Socialism was a mere pretext for low tariff, and Socialism a mere manufactured bogey, that party which stood solid would inevitably hold the balance and be in a position to exact its price from either of the other parties. The Socialists stood solid. The public (except in Queensland) were deluded into believing that Socialism was not then at any rate the real issue. The Anti-Socialists were divided on fiscal questions. The parties were returned again to Parliament, each with its former numerical ineffectiveness. The high tariffists bid for Socialism. The Socialists exacted the promise of "The New Protection." In this way they won the first large instalment of the machinery necessary to begin to lay the foundations of the nationalisation of all industries.

The ordinary observer and critic from the outside is not yet satisfied with this explanation. He asks, "How comes it that the people do not see that the policy of Socialism is one of support for concessions; that no support would be forthcoming without Social-

istic concessions?" There are two answers to that question. The first is the homely one, that (sometimes) the onlooker sees most of the game. The second is, that in the art of masking their objective the shades of Macchiavelli and Charles I. must have paled in envy before the ingenuity of the Labour Socialists in Australia. Australia has not yet produced the Pym or Hampden who can see through the masked advances, the coming tyranny, as plainly as those great patriots saw the plotted despotism of Charles I. in the specious guise of ship-money and prerogative. The comparison certainly is one between great and small things; but the analogy between them is almost as complete as between two concentric circles. That the superficies of the one is much vaster than the other does not affect the principles determining the construction and magnitude of each. It is now necessary to give some insight into the history of the great masking policy of the Australian Socialists.

The outline of the first great Socialistic propaganda and platforms laid down by Lane has been given in Chapters II., III., and IV. It will be remembered that Lane was so disappointed with the weakness and intrigue which characterised the manœuvring and fighting of his great Socialistic battleship, that he shook the dust of Australia from his feet, and wrecked his own life and the fortunes of his followers in the wilds of Paraguay in pursuit of his Socialistic ideal. If every Socialist leader in Australia were to continue to be as candid and straightforward as Lane, Socialism as a political occupation or office of profit, inside or outside of Parliament, would be gone. Many pro-

fessing Socialists were determined, after the tragic example of Lane's ruin, that there should be no more candid exponents of the game. Immediately the masking policy began. It commenced in this way. Members of the Labour party began to urge that the identification of the Labour and all other political reform movements with the hare-brained and wrecking schemes of Lane's Socialism was a gross misrepresentation, and politically a foul libel issued with the base purpose of raising the prejudices and inflaming the passions of the people. To the awkward query, "How is it that the Labour movement is not only so closely identified with it, but continues to live, move, and have its being amidst the machinery which he created?" the answer was that the Labour movement was never dependent on, nor necessarily identifiable with, the Socialism of Lane. He was a mere hysterical revivalist—an enthusiast demented with his enthusiasms. And again, they pleaded that "We are all Socialists now" in a measure; the age is one of progress; and the mat under the feet of the priests of one century becomes the altar-cloth for the hands of the priests of the next. "We cannot," they said, "define where reform may or should end, and there should be no quarrel with those enthusiasts who held that it must properly end in Lane's Socialism, and that his Socialism should begin 'in our time.' Such Socialists were typical only of those hot-headed enthusiasts whose energies and fervid beliefs are more formidable and far more dangerous impediments to plainly needed and plainly proved reforms than the most obstinate resistance of the most obstinate Conservatism."

So long, however, as the original programme stood for public or even tacit acceptance by pledged Labour candidates the explanation had some of the taint of the fox about it. Further than that, all the prominent Labour members of Parliament were not only personally responsible for the publication of the platform in both its divisions, but identified with its first propaganda work. The situation and the dilemma involved in it were both politically awkward. The Labour movement was making practically no progress. Its parliamentary support and influence were either stationary or slowly but steadily declining. True, it had won some concessions in the matter of Shop, Factory, and Wages Board legislation in some of the States. But, on the other hand, these measures had been suggested and to some extent anticipated by men who were irreconcilably opposed to Socialism, and long before any such a thing as an organised Labour movement was heard of or sprang up in Australia. It was necessary, then, if the Labour movement was not to die heroically (or quixotically) in the arena of attempted impossibilities, that the programme should be altered.

It is within the powers of the science of optics to present the same picture so that, seen in one light and from one point of view, it is a magnificent portrait of (say) His Majesty the King; seen in another, it is a magnificent and faultless portrait of a Fijian Chief. The members of the Labour party at once began to show that the resources of the science of politics were not inferior to those of optics. They could limn a picture so that seen in different lights it was an entirely different thing, and that each observer could have the unimpeachable testimony

of his own eyes to prove that the object presented was both what it was and what it was not.

After some retail modifications, but some wholesale explanation, to suit the varying political tone and temper of the times, the Queensland fighting platform and objectives were presented in an entirely new light about 1898. Other State Labour platforms underwent some similar operations. In Queensland, which as a rule led all the strategical operations of the Labour-Socialism, the following platform was issued (see *Worker*), July 28, 1900 :—

Electoral Reform

One man one vote. All Parliamentary Elections to be held on one day. That day to be proclaimed a public holiday.

Constitutional Reform

Abolition of nominee chambers. Referendum.

Industrial Reform

State Department of Labour under responsible Minister. Conciliation and Arbitration (Compulsory). Amended Shops and Factories Acts applicable to Shearers' sheds and Shearers' huts. Statutory eight hours' day where applicable. Amended Mines Regulation Act. Machinery Act (inspection of boilers). Minimum wage in all Government contracts. Amended Employers' Liability Act. Early Closing Act, with weekly half-holiday. Government work to be performed by day labour where practicable. State settlements, at which persons out of employment may apply for labour as of right.

Taxation

Progressive Land Tax with exemption to £300. Progressive Income Tax with exemption to £200. Absentee Tax.

Land Reform

Prevention of aggregation of large estates. Measures for facilitating closer settlement. Protection of homesteads from seizure for debt. Realisation of an adequate return from the public estate. Mining on private property Bill.

National Work

State control of water conservation. National markets and storehouses. State Bank. Loans to settlers. State ownership and construction of railways. State sugar-refineries. State quartz-crushing mills. Flour mills. Slaughter and chilling works. State manufacture of all railway rolling-stock. State Fire and Life Insurance. State coastal marine mail service, with provision for the carriage of passengers and goods.

Miscellaneous

State Banking and Insurance Companies. Civil Service reform. Law reform. Justices of the Peace to be elected. Old-age pensions. Abolition of State-aided immigration. Repeal of Polynesian Act and of coloured Asiatic and contract or indentured labour. Revision of railway tariff. Any measure that will secure an equal return to labour and promote the progress of the colony.

Fiscal Question

On no account shall the fiscal question be regarded as a Labour party question.

[NOTE.—Compare this with "The Political Aims of the Federation," p. 38, Chapter III.]

This remarkable document, on the face of it, was what is colloquially called "a climb down." It was *prima facie* a complete refutation of the charge that the Labour movement was even materially, let alone in essence, a mere Socialistic propaganda. On

about nine-tenths of it, the only difference of opinion that could exist was the manner and need for the application of the principles outlined therein. Much of it is after the manner of Bunsby. One notes the wise and wide magnanimity of the last saving drag-net clause—"Any measure that will promote the progress of the colony." After that it were mere calumny to assert that the party was not animated by a lofty patriotism. The expediency of removing the fiscal question from the controversial arena of Labour was a clever stroke.

But put the platform to a more searching analysis; view it from another point of view, and a complete change, especially under the influence of suggestion, might be made to come over it all, and to reveal features which make the political object look quite clearly distinct from the ordinary progressive or liberal programme. In this political menu card many of the dishes were similar to those of the older programmes of reform; yet, hold it closer up to the light (the right light), the Socialist could easily see (if he wanted to see) that it embraced much that the most rabid of his class could desire, if not as a whole and satisfactory meal, yet as a liberal and powerful appetiser for what the gods, in their good time, might send down.

The Worker had hauled down the flag "Socialism in our Time." It could now point out that it was merely progressive. To the timid voter desirous for a change, but unwilling to take the deeper plunge, it could honestly (or dishonestly) say, "You may not agree with *all* of this. But surely there is much with which you can agree. And you may as well help us

thus far. After that we can part." To the Socialist, who saw in it at first glance little or nothing of his programme, it could again honestly (or dishonestly) say, "It is not expedient (as experience shows) to display all our hand at once. When we (under Lane) did so, it gave the electors such a shock of fear that they began to fall away from us. Those who held high hopes of reform from us, not merely fell away from, but violently denounced us. But you'll please notice, under the head of 'National Work,' an enormous extension of State functions into the arena of enterprise. If we get them, and as soon as we get them, further enormous extensions of State operations will follow. We shall be nearer your goal. Now get behind us; let us set that ball rolling, and by its own momentum on that slope it will break through all opposition."

There was little left by way of reply for the Socialist. All he could do was to think that probably such a course though expedient was scarcely honest. Besides that, the Socialist, especially of the extreme type—that is the type which clearly says what he means and means what he says—was generally regarded as an "unsafe" man for the parliamentary platform. His honesty was his danger. He must be lulled into security. The result was, that while the Socialist was doing all the "bullocking" (to use an Australianism) outside, the safer labour man was then getting into Parliament all the time. The Socialist was also being "left" all the time. In a word, Socialism, which had "dished" Labour and the Trades Unionists, was itself being now dished in its turn. From the period of—roughly speaking—1896 to 1900, there

was an atmosphere of such sweet reasonableness about the Labour movement that the sturdy aggressive Socialism of the Lane stalwarts was being gradually consigned to a museum, as a sort of mummy.

This period of masking, or rather abandonment of the original objective, was marked by a political movement which had for its objective a complete upheaval of national sentiment and ideals: the foundation of the Australian Commonwealth. Politics, instead of remaining provincial, became at once national. Every Australian was being constrained to think and quickly to say whether or not he would agree to set up a form of Government which, within a limited operation, might speak for and determine one common national feeling. The movement overshadowed every other programme in every State policy. After long-continued struggles a Constitution was agreed upon for submission to the electors of Australia. Few if any Socialists or Labour representatives had a hand in its drafting. It was replete with the spirit of the most modern democracy. If a new nation were to be built up, it would take just the form that the people willed for it.

Amongst the subjects of its exclusive jurisdiction were the Customs and Excise. The Socialists and the Labour party had always carefully excluded this apple of discord from their political tables. It was the "forbidden fruit." It was ever present at the tables of their opponents; there was ever-recurring strife there. Under the Constitution a tariff had to be settled within two years after the establishment of the Commonwealth Parliament. Neither the Protectionists nor the Free Traders were strong enough

to enforce their will. As recorded in another chapter, the Government bought the support of the Labour party by the concession of certain planks of their Federal Labour platform. [The Commonwealth had exclusive jurisdiction over the introduction of alien races.]

Queensland's politics were always complicated with the question of the exclusion of Kanakas, and the deportation of those who were introduced prior to Federation. The Labour party had stolen the rôle of guardians to white Australia, and, under the influence of this racial cry, the Labour party scored heavily in the first two Federal campaigns of 1901 and 1904. It became necessary, now that the party were beginning to find solidarity again in the Federal Parliament, on this cuckoo device, to define a constructive Federal policy distinctively their own, and one which would be not only the complement of the various State Labour programmes, but serve as a common definite objective for them all. The party was now (from 1901 to 1904) more than repeating the victories in the Federal campaigns which they had won in the State campaigns prior to and immediately after the financial crisis of 1893. The time was not only opportune, but the circumstances of the position made it imperative, that a party which could make and unmake Ministries at will should so set itself in order and so define its position as to be able on appeal to the electors to form one of its own. At this juncture (February 1905) the New South Wales Parliamentary Labour party called at Sydney a meeting of State and Federal Labour members for the purpose of defining and publishing a platform which would accurately and unmistakably indicate to the public their present and their "objective"

policy. It was attended by over 130 members of Parliament and Labour delegates, and formed one of the largest and most influential and representative assemblages of Labour politicians and delegates ever assembled in Australia. The leader of the Federal Labour party, who had held them solidly together in the Federal Parliament, and under whose leadership they had dictated to, humiliated, and made and unmade Ministries, was in attendance. The crucial issue was the decision of the "Objective." Would the Labour party abandon their indefinite *laissez-faire* policy and Fabian tactics, or go boldly forward? There was a Watson but not a Lane amongst them to lead the battalions to a frontal attack against all parties. Mr. Watson had the reputation of a Marlborough in tactics; for at this time, while fighting for the Whigs, he was countermarching and manœuvring for a truce or peace in favour of the Tories (of his party). The meeting was too strong for him. The Socialists were determined not only that they would not be "dished" again, but that he should dip his hand in the salt and break bread with them.

It was announced to the meeting that the Committee formed to frame a preamble to the platforms of the Federal State and Labour platforms had arrived at a decision. They had decided that the "Objective" should demand (1) the maintenance of the purity of the race, and (2) the nationalisation of the means of production and distribution of wealth. It was also to contain some reference to co-operation and collective ownership. Mr. M'Cann (M.L.A.) for the Barrier, New South Wales, opened the proceedings. He formally moved—

That the Federal and State Labour platforms should have a permanent prelude clearly defining the ultimate purposes of the party thus, "Objective:—A co-operative Commonwealth formed upon the socialisation of the production and distribution of wealth."

Space will not permit a reproduction of all the speeches made on this crucial occasion on a vital issue. Extracts, which in no case do violence to the text, can only be given.[1]

Mr. M'CANN (M.L.A., New South Wales) urged some definite statement on their "Objective." It should be placed in the forefront. It should pledge the party.

Mr. MORNISH did not believe that land nationalisation was a solution of the social problem. They could not alter the distinction between the classes as it existed to-day. He wanted an equal distribution of wealth, but the Labour party was attempting only to get shorter hours and better wages for the worker. What had they done? It was more difficult now to get employment than it was fifteen years ago. Past legislation was only a palliative. The plank as proposed should be placed in the forefront.

Mr. BEEBY thought they should be careful. They might agree with Mr. Mornish, but they knew that the party could make no impression on the electors of New South Wales. They should be practical. In theory he agreed with Mr. Mornish. They could do more by working towards a defined end than by advancing theories. He preferred to nationalise banking and to found State ironworks.

Mr. NIELSEN (M.L.A., New South Wales)—It

[1] The extracts are taken from the *Sydney Daily Telegraph* reports of the meetings.

was all very well to advance theories. They were aiming at straight-out co-operation. However good such a proposition might be, it would lose them the support of the people.

Mr. BRENT—The proposition was important. It was a matter of tactics whether they should openly tell the people how much of their case was Unionist and how much Socialistic. They knew what proposals had a chance of success. It was said that two Socialist members in Parliament would do more good than all the Labour party. Yet they had won shorter hours for men, women, and children who were formerly working fifteen hours a day.

Mr. MANGAN moved an amendment:—

That the "Objective" should take the form of a pronouncement in favour of the equal opportunities for all and special privileges for none.

He agreed that former Acts were mere palliatives. They should move on and fight for the single tax. It was the foundation of a Socialistic State. With single tax there would be no more tyranny or oppression. If there was, he would fight with Socialism to remove the evils the single tax created. What were their aims? Labour members of Parliament thought that to accept the proposal would make it harder for them to hold or gain seats. They should pay no attention to that. They should educate the people up to their platform. There was no hope for the people until the whole social system was changed.

Mr. D. M'DONNELL (M.L.A., New South Wales) opposed the motion, not because it would make it harder to hold his seat. Whether Socialist or Radical,

he could hold it all the same. Mr. Mornish should advocate his proposal outside. There was no hope in this or the next generation for such a proposal. There were many other practical proposals at hand, such as the nationalisation of land; education; an eight-hour day. They found that such measures as proposed had done no good. There was good work to be done.

Mr. HOLMAN (M.L.A., New South Wales)—It would be a mistake to carry the resolution. Broken Hill (Mr. M'Cann's constituency) was a red-hot centre of Labourism. Others were not so red-hot. In his electorate it would make a great difference what form the Labour movement would take. Still, if it were vital he would not object. Modern history showed that matters in connection with the Labour movement should be practical. He was as much in favour of Socialism as any of them, and believed it would come, but to bring forward some practical proposal to nationalise some industry would do more to advance Socialism. The proposal was a "spread-eagle" one.

Mr. H. LAMMOND—He was in entire disagreement with Mr. Holman when he held that Socialism was an excellent thing to be kept in the background. He did not believe that in Australia or elsewhere any intelligent body of Trade Unionists or workers had discussed the matter without coming to a real hope that the only chance of betterment lay in Socialism.

Mr. M'GOWEN (Leader of the State Labour party, New South Wales)—If they put the proposal in the platform, would it alter one iota the methods of the Labour party? Could they do more than they had

tried to do? Could they prevent the feeling of city or country with regard to the nationalisation of land? He had always been called a Socialist. He would extend the system of the State as an employer of labour wherever practicable. Many men said to him, "We are with M'Gowen, but against Socialism." If you asked any Trade Unionist what was Socialism, he would reply "Anarchism." If they carried the proposal they would not gain a vote but would lose many. They could educate the people up to the extension of the principle of the State as an employer, but some of the propositions would be called anarchy.

Mr. A. GRIFFITH (M.L.A., New South Wales)—The time had come when they must declare themselves. The party was in essence and entirely Socialistic, and no man not a Socialist had any place in the Labour party.

Mr. SMITH—The country had sent in the greatest number of Socialists. The men on the land were ready to extend their hand to the Labour party, but were not prepared to endorse the chimerical proposals of the people who did not understand the requirements of the people in the country.

Mr. W. G. SPENCE (M.H.R., New South Wales)—Palliatives were necessary in everyday life. They were forced to adopt them. They were not put forward as final solutions. To put this proposal on would not help, but would distract the electors' attention from the fighting platform. He would prefer the League's ideas to be put forth in a carefully thought-out preamble.

Mr. DACEY (M.L.A., New South Wales)—The party was going back to the position from which it

first started. If Socialism was of such value, how was it that the Socialists who had been returned to Parliament had done nothing for it? The Labour party had a standing which the Socialists had not. For what reason? For their moderation. They should not proclaim at the street-corners they were Socialists, but should work steadily for something tangible.

Mr. M'CANN replied. All harm by proclaiming themselves Socialists had been done. He had never declared himself in favour of Socialism. He had been reticent and had been blamed. No one in his reason would deny that the party was not Socialistic. The resolution was really a preamble to declare the real objective in view, and to declare the ultimate objective of the party.

Ultimately Mr. M'Cann's motion was carried by 80 to 55. Socialism scored decisively in the second encounter with Trades Unionism.

We have deferred reference to Mr. Watson's speech for separate notice and comment. His mind is by no means analytical, but he has a kind of instinct for danger. No man in the Commonwealth Parliament knows so well when "to come out of the wet," and if there must be a fight, how to go in and come out of it with fewer casualties. While he could never win a brilliant victory, his army could trust him never to lead them to an overwhelming defeat. The Socialists knew his disposition, and determined to put it to the touch. He was forced, apparently against his better judgment, to declare himself. His long parliamentary experience had taught him the necessity of masking his movements. But the spectre of Socialism laid its

icy hand on him and imperatively asked him the question "*quo vadis?*" With another Lane, there not only would have been no need to ask it, but at such a time there would have been a thrilling appeal to all to declare themselves. But Lane was never in Parliament, and would never go there or try to go there. His place always was in the engine-room. Watson was better fitted for the bridge, but possessed of a weakness for ordering half-speed when the slightest indications of danger were about, and for casting anchor and looking for shelter at the most infinitesimal change in the barometer. But now he could not flinch, nor any longer "let I dare not wait upon I would."

Mr. Watson said he frankly admitted the danger of such a declaration; still more strongly he questioned its expediency. But he as frankly admitted that in justice to the party and the public, and in view of the plain demand presented to him and to it, they could no longer delay. He and they must make their choice. With these preliminary apologetics he declared himself. He thought it the wisest thing to make it a *sine qua non* that those who came into the party were Socialists. It seemed to him that all the injury that could be done in declaring that Socialism was part of their platform had been done. Their opponents had used the plank against them, and the sooner it was made clear that the platform was Socialistic, the better.

Like an unwilling husband over whom circumstances were stronger than his own inclinations, he held honestly to the bond, and led and fought the Federal (1906) Campaign in New South Wales with conspicuous tact and success, and in Queensland, where he met with decisive defeat. On the whole he gained

strength, and added cohesion to the party after a desperate battle with the Rt. Hon. Geo. Reid, leader of the Opposition and Anti-Socialist party. Mr. Watson's was not the temperament to openly dish either a friend or a foe. He did not betray the Socialist flag, but he diverted the attention of the supporters of his party by dexterously raising the flag of the New Protection, and soothing the fears of the Socialist Free Traders in New South Wales, by outlining a proposal in favour of High Tariff with a promise that the New Tariff and the new method of regulating wages should be referred to a referendum of electors before being finally adopted by the Commonwealth. He was stroking the Socialistic cat's back; he was also dexterously paring its claws. The Socialist who was getting New Protection as a substitute could scarce attack the leader for not publicly unfurling the flag of State production and distribution of wealth, for the excellent reason that the ways and means for doing so were impossible of definition. The only difference on that score between Socialism and the New Protection was that while the former was practically impossible, the latter was theoretically possible. This was not exactly the dishing policy; it was only its twin brother. (For his declaration on New Protection, see Appendix E.)

It is impossible to read the substance of the speeches made at the Sydney Conference without being struck with the conscious or unconscious hypocrisy that permeates the reasoning of the middle course of action: To admit unreservedly that the Labour party was Socialistic in the sense of the terms of the proposal, but to question the advisable-

ness of publicly proclaiming it so, is the plain sum of all the apologetics. The action of the apologists was a repetition in politics of that most dangerous and detestable doctrine in morals, that a lie may not be a lie, if at its utterance it is accompanied with a mental reservation. Suppose the opponents of Socialism had acted similarly, could language supply sufficient rhetoric to keep alight the fires of denunciation? Not only were the public to be deceived, but the representatives of Labour and Socialism were to be asked themselves to subscribe to a document knowing that it was qualified throughout with a mental reservation. The Socialists refused to be parties to an action in politics which in morals is rightly called an abomination.

The history of the proceedings of this historic meeting of the New South Wales Parliamentary Labour Party is thoroughly typical of the means by which not only the real issues are often disguised from the Australian public, but public judgment bulldozed and paralysed by the bewildering Protean aspects presented to them. The Australian public can scarcely be blamed for failing to press a definite verdict on a definite issue, for the excellent reason that a definite issue (on these points) is seldom or never presented to them. The politicians who rule their caucuses take care that the supreme issues are side-tracked at every election on to a wilderness of branch lines, the Labour Socialists are themselves bewildered, the Labour members of Parliament are almost all on the side of mental reservation. Their criticisms are neither relevant nor intelligible, except with reference to the future occupancy of their seats.

The result of the deliberations of this important

meeting which decided the declaration of the "objective" of both State and Labour parties raised a storm of criticism. Lane had departed, but his spirit was living and speaking. When the executive sat down to reduce the resolution to the form of a plank, or rather the keystone of their platform, they managed to express it in such a form that while the spirit of it should embody the Socialistic ideal, the letter of it might be made a raft for the apologists.

In order that the development of the Federal platform towards the Socialistic objective may be not only appreciated but clearly understood, we shall state the platform as settled originally for Federal purposes.

I. Federal Labour Platform

Adopted at Sydney Conference 1902

The Fighting Platform

1. Maintenance of a White Australia.
2. Compulsory Arbitration.
3. Old-Age Pensions.
4. Nationalisation of Monopolies.
5. Citizen Defence Force.
6. Restriction of Public Borrowing.
7. Navigation.

General Platform

1. Maintenance of a White Australia.
2. Compulsory Arbitration to settle Industrial Disputes, with provision to exclude legal profession.
3. Old-Age Pensions.
4. Nationalisation of Monopolies.
5. Citizen Military Force and Australian-owned Navy.
6. Restriction of Public Borrowing.

7. Navigation Laws to provide: (*a*) for the Protection of Australian shipping against unfair competition; (*b*) Registration of all vessels engaged in the coastal trade; (*c*) Efficient manning of vessels; (*d*) The proper supply of life-saving and other equipment; (*e*) The regulation of hours and conditions of work; (*f*) Proper accommodation for passengers and seamen; (*g*) Proper loading gear and inspection of same.
8. Commonwealth Bank of Deposit and Issue; Life and Fire Insurance Departments. The management to be free from political influence.
9. Federal Patent Law for simplifying and cheapening the registration of Patents.
10. Uniform Industrial Legislation and Amendment of the Constitution to provide for same.

The following is the substance of the vital portion of the pledge which each selected Labour candidate is bound to sign before he can receive the endorsement of the party. The candidate consents: "If elected to do my utmost to carry out the principles embodied in the Labour Platform, and, on questions affecting the platform, to vote as a majority of the parliamentary party may decide at a duly constituted caucus meeting."

It was also declared that the members of the party were to have a free hand on the Fiscal question, and that no member should accept office in the Federal Government, except with the consent of a duly constituted caucus of the party.

It will be noted that with the exception of Nos. 4, 8, and 10 of the General Platform, there is no valid objection to the close scrutiny of any principle contained in it with a view of legislative enactment thereon. Each of them, in fact, has been the subject of legislation in many of the States, and some of

them in all the States. Monopolies have always been regarded at Common Law as the foe of public interests. The only difference of opinion on the point centres round the question whether it is not better to control and restrict them than to nationalise them. It will be also noticed that in 1902 the Labour party deemed that in order to interfere with the industrial legislation of the States, with a view of securing uniformity throughout, an amendment of the Constitution was necessary. And notwithstanding that a protective tariff had then been passed, in 1902 the party then (like every Federal member) was of opinion that the power to tax an article did not imply that the Commonwealth Parliament has power to interfere with the industrial wage conditions under which it might be manufactured in Australia.

Again, it will be noticed that the whole programme was merely "sicklied o'er" in a very small part with the "pale cast" of Socialism. About nineteen-twentieths of it might be the property of any Liberal party, and, in fact, a great portion of it was so. The worker was in danger of drifting back to democratic Liberalism. Hence the necessity of Socialism forcing the declaration that their platform was all subject to the magnetic objective of the Socialists—"The ultimate nationalisation of the sources of wealth-production, distribution, and exchange." The Sydney Conference of February 1905 succeeded in stopping this drift, and thereupon again declared an objective bringing it back into line with the original declaration issued at "The First Annual Session of the General Council of the Australian Labour Federation." (See Section I., p. 38, Chapter III.)

CHAPTER XIX

THE MASKING POLICY FURTHER DEVELOPED

THIS plain declaration that Socialism was the ultimate objective of the Labour platform struck the ear of the Australian people like the sound of a fire-bell in the depths of the night strikes the ears of the drowsy sleepers in a city. Every newspaper teemed with leading articles and letters explaining and analysing the new position. The literature of the Continent of Europe was ransacked in search of definition, explanation, and illustration. Every pulpit and platform in Australia rang with denunciation or defence, or explained it away with verbal apologetics, showing how easily language may not only conceal but deceive thought. On the one side it was asserted that Australian Socialism had advanced by one bound again into line with the Socialism of the European Continent. On the other side it was asserted that the objective was far more idealistic than real, and that it expressed only the extreme temperature of a section of extremists at Sydney.

Political events were moving fast in the Federal Parliament to their natural issues. Mr. Deakin and Mr. Watson had joined forces to depose the Reid-

M'Lean Ministry (August 1905). Mr. Deakin was a Prime Minister in swaddling clothes; and Mr. Watson, the sponsor at the christening. Such an alliance foreboded that if Mr. Deakin could get his way the Fiscal issue would be raised at the next election. Mr. Watson was pledged to Socialism. His party, however, was prepared in any event to throw up its cap with the biggest crowd. Mr. Deakin and Mr. Watson are, by intellectual temperament, kindred spirits in many respects—the latter's fibre, however, being more hardened and finer tempered by closer contact with a fiery following. The one was weaker than a willow stick; the other, as pliable as fine steel. As the position developed and defined itself, Mr. Reid came out with a plain declaration opposed to Socialism.

In April 1905, some months before the defeat of the Reid-M'Lean Ministry, it appeared quite probable that Mr. Deakin would throw in his lot with them. In anticipation of this, *The Worker* (Brisbane) sounded a note of alarm. On April 1, 1905, it said:—

> The Fiscal controversy has been settled by the coalition of Free Traders and Protectionists against the Labour Party. In the wide domain of Federal affairs the forces of progress and reaction have already ranged their rival hosts for the new struggle, and Socialism is openly named on the one side and accepted on the other as the *casus belli*. . . . The battle of politics has up to the present been a mere affair of outposts. It is high time to declare what the objective of the forward movement is to be. The May Convention (Queensland) meets at a critical juncture. The future of Socialism is in its hands. . . . Socialism alone can fill the bill.

It has been noted in some previous chapters that Queensland always led the way in determining

the course of Australian Labour politics. Socialism had its origin in Queensland. From Queensland it took its inspiration. *The Worker* was the press exponent of the spirit of that Socialism. It undertook to explain to Australia what Socialism meant, and what was its spirit. Some opponents of Socialism maintained that it was both materialistic and anti-Christian. *The Worker* (April 1, 1905) at once proceeded to clear and define the position, professedly in reply to Thomas Mann, who had declared that Socialism after all rested on a religious basis. It said :—

> What is the religious basis of Socialism? I have come to the conclusion that it has none. For which may the gods of all the religions be praised. When the Labour movement has to turn to God for help, it will be God help it indeed. . . . An ethical consequence is not a religious basis. Religion deals with the supernatural and the superstitious. It reaches up into the impalpable ether, or rakes the gutters of human depravity, looking for something to worship. Labour as Labour knows nothing more supernatural than the growth of a cabbage or the development of an idea. Its *credo* is purely materialistic, concerning no world but this world. Gods it looks upon with suspicion as probable violators of Unionism. The Labour movement is founded upon solidarity, and the gods are the great disintegrators. Religion cannot live without a deity. Labour writes up on its door-post :—
>
> Wanted
> A Saviour.
> No Gods need apply.

This does not mean that Labour is the enemy of Religion. It means simply that it has no concern with it. One may be a good religionist and none the worse

Labourite on that account. One may read into one's Labourism all that is best in one's religious creed. There is good in most religions, and Labour harmonises with all that is good. But it is with the good it harmonises, not with the religion that contains the good. . . . All the Churches are officially opposed to Socialism. Not one of them has pronounced in its favour from His Holiness of Rome to the Rev. S. M'Queen.[1] Where Labour men and women of every faith and want of faith assemble together the order of the day should be

No gods or dogs admitted.

Though this article appeared in a prominent column under the *nom de plume* of "Touchstone," the imprint of the editorial pen and its responsibility were unmistakable. Its blasphemous inspiration was certainly never repudiated in its leading columns. This article, by reason of its association and the immanent importance of its appearance, raised the fiercest controversy throughout Australia. It fanned public interest and indignation into fever-heat.

On April 8, 1905, Mr. A. Fisher (the present leader of the Federal Socialistic party, who succeeded Mr. Watson on the latter's resignation, October 1907) visited Brisbane. He was interviewed by *The Worker* as to his opinions on Socialism and the declaration of the objective. He said: "No party worthy of the name can deny that its objective is Socialism, but no Socialist with any parliamentary experience can hope to get anything for many years to come, other than practical legislation of a Socialistic nature. Take away Socialism and there is nothing left."

[1] A minister of the Weekham Terrace Presbyterian Church, Brisbane, who had pointed out the danger of some of the materialistic aspects of Socialism.

The leaven of these meetings and controversies was steadily leavening the whole character and tone of the Federal Parliamentary Labour representation. There was a constant ebb and flow, and often irritating friction of opinion between the Labour supporters of the two wings — the masked and the unmasked Socialists. During this heated flux, a Convention of the Labour organisations of Queensland met at Brisbane in the month of May 1905 to determine the State platform, and incidentally to call the tune for the next Federal platform. It was known in Queensland that the Socialists would force the pace. But, on the other hand, a parliamentary Coalition between the Labour party and the revolted members of the late Government in Queensland had been formed. In the composite cabinet Labour had a strong representation. The Premier (Hon. A. Morgan) was, if anything in politics, a strong opponent of Labour; its Treasurer, Mr. Kidston, was a strong, ambitious, and restive member of the Labour party. This Coalition was working harmoniously. Owing mainly to beneficent seasons and retrenchment, Queensland's finances, which since 1901 had been heavily weighted with deficits arising out of droughts and diminished customs returns from the Commonwealth, were being steadily balanced, leaving surpluses well in sight. Notwithstanding the inherent difficulties of such a working alliance, and the attacks from Opposition critics and the still more dangerous sparks from the fiery enthusiasts of Labour, the Coalition was securing an unexpected measure of public support and certainly a strongly marked desire to give the new men a fair trial. If the pace were forced at the Brisbane Convention, Labour

might lose its allies or the Coalition fall to pieces. The organisations were, however, in a bellicose and somewhat defiant mood. Some were determined to put an end to this political rail-straddling. The struggle at the Convention turned upon the definition and acceptance of an objective. The Convention met May 1905.

Mr. REINHOLD (M.L.A., South Brisbane) moved:—

That the objective of the Labour Movement is the establishment of a co-operative Commonwealth by the furtherance in National, State, and Municipal Legislation of the following principles:—(*a*) In "Politics," the principles of democracy. Complete self-government vested in the people, every adult standing on equality at the ballot-box. (*b*) In Economics, the principles of Collectivism. The scientific organisation of Labour; the equitable distribution of the product of Labour by the Nation, State, and Municipality owning and co-operating, in the interests of all its citizens, the monopolies and *large* industries of the community

To which Mr. JACKSON (M.L.A. for Kennedy, a Labour member and supporter of the Coalition) moved the following amendment:—

(*a*) Securing the full result of their industry to all producers by the collective ownership of monopolies, and the extension of the industrial and economic functions of the State and Municipalities.

Now if any critical reader will note carefully the difference between the two resolutions he will find that the only material difference between them is, that in the first form it is the Socialistic wolf with all its hair, teeth, and claws clearly displayed; but in the second, it is the wolf disguised in the grand-

mother's clothes to allay the fears of Red Riding Hood. Practically, Mr. Jackson (like Mr. Watson and others, as will be seen later on) was saying to Mr. Reinhold, "Don't you see you're very foolish? If you display yourself like that, Red Riding Hood won't come in. But in these clothes of mine, she will think you are her kind old grandmother. After that you can easily do the rest." Mr. Jackson's amendment, mainly through the influence of the parliamentary Labour section supporting the Coalition Government, was carried by the narrow majority of 4; the voting being 21 to 17. No report of the debate was allowed to appear. The objective was settled accordingly. The Fighting Platform remained substantially as it appears at pp. 216 and 217. The following were the principal additions to it:—(*a*) Immediate stoppage of further sales of crown lands, fixity of tenure, leasehold only. On the General Programme was added: (*a*) Abolition of State governor and the nationalisation of all hospitals.

The parliamentary section of the Coalition defended their course of action on grounds which *prima facie* have some reason in them. They said that the Socialistic ideal presented in this form was impracticable at present; more of them held that it was dangerous at any time even if it were practicable. In Queensland an extraordinary and perplexing result followed from this rift. Most of the parliamentary section who followed Mr. Jackson broke away from the party at the State election, February 1908. Mr. Kidston, the Treasurer, who had succeeded Mr. Morgan as Premier, was bitterly assailed by the Socialists. There were three Richmonds in the field—the Socialists, the Kidstonians, and the Opposition. Each party succeeded

only in mutilating the other, the Opposition being the worst sufferer. The three-party system was thus set up for the second time in the second place in Australia. Subsequently Mr. Kidston broke finally with the Socialists and formed a strong Coalition with Mr. Philp's party. He is now the Premier in the Coalition.

This State Convention (May 1905) led the way for the next Federal Convention assembled at Melbourne on July 8, 1905. It will be remembered that the Sydney Conference, February 1905, had determined on settling an "objective." But such a resolution was binding only on and in that particular State. That Conference could not impose it on the Federal members or their programme. The Socialists, however, determined to force their "objective" for consideration and adoption by that Convention. When it met, the Federal Convention was faced with a selection from four different samples of objectives:—

I. Submitted by New South Wales and Tasmania

"The securing of the full results of their industry to all producers by the collective ownership of monopolies and the extension of the industrial and economic functions of the State and Municipality."

Compare this with Mr. Jackson's amendment at the Queensland Convention (see p. 239).

II. Submitted by Queensland

"That the objective of the Federal Labour Party be declared, and in these terms: The securing of the results of their industry to all producers by the collective ownership of the means of distribution, production, and exchange to be attained through the extension of the industrial and economic functions of the State and local governing bodies."

Compare this with the resolution put forward by Mr. Reinhold at the Queensland Convention (see p. 239).

III. Submitted by Victoria

"The gradual nationalisation of the means of wealth-production, distribution, and exchange."

IV. Submitted by the Melbourne P.L.C.

"This Conference affirms—That Capitalism is the enemy and destroyer of essential private property. Its development is through legalised confiscation of all that the Labour class produces above its subsistence wage. The private ownership of the means of employment grinds society in economic slavery, which renders intellectual and political tyranny inevitable. Therefore this Conference affirms that it is the objective of the Australian Labour Organisations to obtain control of all the means of production, distribution, and exchange, *i.e.* the means of employment and wealth-production to be owned and controlled by the people in the interests of, and for the use of, the whole of the people in contradistinction to profit for a class."

Neither South Australia nor Western Australia submitted a distinct motion, their delegates giving a general support to the New South Wales submission.

In the New South Wales resolution the hand of Mr. Watson is seen, as well as the more cautious lines of action so favoured by the parliamentary members. Mr. Watson's hand and tongue were forced and loosened at the Sydney Conference. Here he was on his own battle-ground. There he was the leader of the Federal Labour Party. He moved the New South Wales resolution in a speech which was merely a

repetition of those he delivered at the Sydney Conference, February 1905, the substance of which is given at p. 228. He added, however, "It was sufficient that they were going for the collective ownership of monopolies, and understood their powers in that direction. Having done that, they had done all that was possible."

Mr. A. A. KIRKPATRICK (M.L.C., South Australia)—He desired an objective. It should be moderate so as to be practicable. He favoured Mr. Watson's proposition, because South Australia would approve of it. The party talked of Socialism. Their opponents asked them what they were driving at. The objective would answer it.

Mr. MAT. REID (Queensland Executive)—He favoured the Queensland proposal. It was definite, clear, and distinct. The New South Wales one shirked the question. He would admit it played to the gallery. They should come straight out.

Mr. J. THOMAS (Federal M.H.R., New South Wales)—He would support New South Wales in deference to the feelings of the other States. He preferred the Queensland or the Victorian declaration. The occasion might arise to make a compromise between the extremes of Melbourne and the stagnation of South Australia.

Mr. CARPENTER (Federal M.H.R., West Australia)—The cry "Socialism in our time" had given rise to a lot of misconception.

Mr. C. M'DONALD (Federal M.H.R., Queensland)—The Socialistic aims put forth by the A.L.F.[1] were the first Labour pronouncements that stirred Australia. When the maritime strike occurred the papers teemed

[1] See p. 38, Chapter III.

with abuse, and dwelt upon the suggested reconstruction of Society. The Queensland proposal came straight out and should be adopted.

Senator TURLEY (Queensland)—He regarded it (New South Wales Objective) as a hybrid objective, put forth to the people for the purpose of catching votes. Surely they were not to stop at monopolies. They had as much right to step in where there was competition as where there was monopoly. Therefore they should adopt the objective which was furthest ahead.

Senator DE LARGIE (West Australia)—There was no use adopting an objective that was unattainable. The nationalisation of industries was so far off as to be impracticable. The New South Wales objective was the one that appealed to the man in the streets.

Senator PEARCE (West Australia)—If his Queensland friends wished to be ahead they should withdraw their objective and accept that of Melbourne. It was wider in its scope. It asked them not only to adopt State but International Socialism. They had something from New South Wales they could deal with.

Mr. M. HANNAH (M.L.A., Victoria)—He supported Queensland. They should not trim their sails.

Mr. HINCHCLIFFE (M.L.C., Queensland)—The Labour Party had to carry the Socialistic aims of 1890. The New South Wales Objective was nothing more nor less than what they had on their platform now, and some distinction should be made between Platform and Objective.

Further illustrations from the speeches are needless. It was all more or less, on the part of the New South Wales support, a choice between a confession of

hypocrisy or adoption of expediency. The Queensland delegation was strong in its scathing exposure of this political Machiavellianism. They were all pupils in the school of Lane. Fortunately for them, however, the other delegates were not aware of the historical transformations that were made in the original platform of the A. L. Federation (see p. 38), and the subsequent platform upon which they fought their parliamentary battles (see pp. 216 and 217, Chapter XVIII.).

Mr. WATSON replied—They had something more to do than look out for a seventh heaven. Their forces should be reasonable. Their whole history had not been crying for the moon. They were not framing an objective for all time. If the New South Wales Objective worked out correctly, then when the time arrived they could urge the Queensland or the Victorian Objective. The New South Wales Objective did not go beyond the extension of the industrial and economic functions of the State and Municipality. The New South Wales Objective was a short and concise statement that he who runs may read.

The resolution was carried by 23 to 11.

Mr. Watson had the satisfaction of seeing "Socialism in our time" substituted for a pious platitude in his time. He had, however, admitted that the platitude was a mere mask.

The Queensland Convention of May 1905 was on sound constitutional ground when it advocated the extension of the industrial operations of the State and Municipal functions. The State constitutions allow them to do so, if they so desire. The Queensland delegates at the Melbourne Convention were clearly right in telling their fellow-delegates, "if you are going

to declare a Federal objective dealing with industrial operations, then say so straight out." But Mr. Watson and the other delegates must have known that the Federal Parliament had no power whatever to nationalise any industry or monopoly without an amendment of the Constitution. The Commonwealth Constitution does not permit it to be done. The Federal Labour Platform of 1902 almost admits this fact in express terms (see Platform No. 10, p. 232, Chapter XVIII.). Such a limitation was never expressed at the Melbourne Labour Convention, July 1905. It may be urged that all this was understood. If so, the proceedings show that it was very well suppressed. The members were perhaps in a dilemma. If they opposed all the motions on the objective submitted, they were open to the charge that they were evading the plunge by shivering on the brink of constitutionalism. From any point of view it seems impossible to acquit Mr. Watson and his following at the Convention of the charge that they were quite conscious of the fact that the declaration of the objective was a mere "brutum fulmen." It showed, of course, the drift of their politics, if the Constitution were to be amended so as to permit of the Federal nationalisation of monopolies. In confirmation of this strong suspicion it will also be noticed that no mention of the necessity for such an amendment of the Constitution was indicated at Melbourne, 1905, though the Platform of 1902 (item 10) in express terms included that reference.

The Federal Labour conventions had been so long and so loudly talking of bringing all industries under the jurisdiction of the Federal Parliament, and so

little resulted from all this volume of platform protestation, that it became evident that the delusion would expose itself. Beyond interfering when a strike (though declared an unlawful act in some of the States) extended beyond the limits of one State, the Commonwealth has no jurisdiction. As regards most industrial matters the States have all powers; the Commonwealth practically none. It therefore became necessary for the Socialist party to justify immediately their special existence for a special purpose. At this stage, Mr. Watson had to find a grievance and a remedy. He found a grievance in Protection. It mattered little to him that his ally Mr. Deakin, the Prime Minister, placed it in economics on the same plane with grace in religion: without it there could be no salvation. Mr. Watson argued—and, we must presume, rightly, since the Prime Minister and his small following of Protectionists accepted it—that Protection increases the price of the locally manufactured product, and therefore the manufacturer should not receive the whole of the enhanced price, nor exclusively exploit the dearer market. As the consumer paid the price, and he was largely a worker, the benefit of the Tariff to the manufacturer should be shared with the worker in his increased wage. Mr. Watson was at this point confronted with a dilemma. Many of his Socialistic following abhorred any and all forms of tariff. Others, and these included the ablest and most uncompromising members of his party, strongly declared that in a forced choice of tariffs they would prefer a low tariff as closely approaching Free Trade as possible. To many a man leading such a party this would have meant an *impasse*. But there was no such word as

impossible in his political dictionary. The man that could beguile a convention in the limelight, could easily do the same with a caucus in secret. He met it in this fashion. In effect he said: "Gentlemen, after all, the Tariff is nothing. The wages are the thing. Let us go for High Tariff. The Protectionists must give us that. We can then say that our support is conditional on increased wages. After fixing up such a tariff we can put the whole thing to a referendum of the people before it becomes law. The people can then take it or leave it." His party assented. He issued his manifesto (see Appendix E).

The Prime Minister looked on amazed and amused at the antics and tactics of his awful allies. He had got—or was likely to get—his High Tariff. But at what an awful price! He had been taken prisoner, and was now out on strict parole. He tried to induce the electors to enable him to break his parole. In vain. They sent him back still helpless. In the next Parliament (1908) he had to submit his New Protection Scheme (see Appendix G).

Just as Mr. Watson engineered and beguiled conventions, so the Prime Minister probably hoped on constitutional grounds that Mr. Watson's tactics in Parliament would undo or overleap themselves. The Prime Minister was allied with Mr. Watson, but no doubt was hoping and praying fervently that the High Court would spike all Mr. Watson's guns. All thought of a referendum was dismissed from the mind of Parliament during the Tariff debates (1907-1908). Not one member of the Socialist party, and certainly not one of any other party, ever made his vote for a higher tariff con-

ditional on an ultimate reference of that question to the people. Such a thing was never thought of. Mr. Watson probably knew when he put it in his manifesto that it never would be thought of, and it is no unfair inference to say that it was because of that, it found such a prominent place there. In this respect his manifesto resembled the old fortifications of Pekin. There were formidable batteries in existence, manned and ready in an instant for terrific execution; but the fortifications and the guns were only *papier-mâché*.

The question "How comes it that the Australian public allows itself to be so deeply deluded in giving its assent to such and so many chimerical ideas?" now either answers itself, or sufficient material has been given from which to find the key to its solution. The history of the Commonwealth since its foundation has been little else than one long-continued career of Cabinet weakness, incapacity, intrigue, and juggling. The Government has always had responsibility without power; cliques and caucuses have always had power without responsibility. The figures work, but the button is pressed all the time from underneath. The course of the Commonwealth ship is steered by men who have brought on the quarter-deck all the personal animosities, rival traditions, and all the political narrowness and bitterness of past years of State political fights. Many old State oaks were transplanted into the new field. This was probably inevitable, and with some disadvantages the process had some compensations. High political office requires an apprenticeship, and you cannot create a talented band of Parliamentarians in a day. Many a State politician played, and some few are playing still, the last acts of

an unwilling farewell to politics before the Commonwealth curtain. Though such careers have often been a record of good and sometimes brilliant service to their States, yet some of them have not caught the inspiration of nationality, or have had their vision so widened as to take in the newer enlarged horizon. Every captain on the bridge has stood paralysed at the spectre of Socialism which rose on the virgin seas of its politics simultaneously with the Commonwealth's launching. Then, again, its politicians have to some extent chartered its course by compass corrections taken from doubtful and often conflicting State observations. Each member of the Commonwealth Parliament feels yet strongly the influence of State opinion. Probably this defect is not without its compensations also. Naturally the Commonwealth cannot steam on one course and the States chart another. The battleships and the convoy must sail together, or arrange to arrive and concentrate simultaneously at points of vital peril to both. And so the Constitution had provided. But Australia had no Hamilton in its Congress to keep the charts clear and the lines uncrossed, and to show that amidst apparently irreconcilable diversity of interests, there was one clear purpose permeating and determining them all. At one time in his career, Mr. Deakin rang out a clear note: "Further you shall not go. This is the State's own jurisdiction." Beyond that one small "sound of a voice that is still" no clarion note amidst warring sections has ever rung out, bidding the squabbling of political cliques to cease.

Rightly, to a large extent, every senator and member of the House of Representatives cries out at

a crisis where judgment may be doubtful or halting, or the issue darkened with conflicting opinion, "My State." But there has never been a hand strong enough to point out, nor a voice clear-sounding the command "Our Commonwealth."

The Constitution has been so well and so carefully secured that on the main principles there is little need for any conflict of opinion or interest between the two jurisdictions. It embodies in many of its sections the history of that of the United States. It sought in the light of that history to lay out with close but elastic provisions in cases of emergency a fairly straight and free course. He who would run it, might easily read it. But notwithstanding this, the Commonwealth Government has been time and again unnecessarily aggressive on the States, and the States, time and again, hypersensitive. Time and again Commonwealth Ministers have endeavoured, in order to save or strengthen their seats and portfolios, to set the States in the Commonwealth Parliament by the ears, and have been little else than bottle-holders or "barrackers" round the ring. It has become almost impossible for the public amidst this Babel of tongues and intrigue to understand what is the dispute and the real issue. Its Parliament has become a bear-garden, where recently the choicest sport was the goading and baiting of its ex-Prime Minister, Mr. Deakin. Since its inauguration it has been more or less the same.

It has been said in a previous chapter that the Australian people is one of the most adventurous, intelligent, and law-abiding in the world. Unquestionably they are so in the last-mentioned respect. To those excellent social qualities they add more than a British

capacity for patience and long-suffering, and loyalty to their public men. This latter virtue has been played upon by their politicians till it threatens to degenerate into weakness. Public opinion nowhere grinds so slowly and so exceeding small. Do what they may to avoid the disagreeable operation, it cannot be much longer delayed. Neither Socialism nor masking Socialists can prevent its coming. The latter profess that they desire to hasten the coming of the test. This history shows with what varying sincerity amongst them. Whether either or both sections are willing or not, it will come. The issue will take a short and easily intelligible form. It will be this: "Is Socialism and State unification to come in?" If so, the present Constitution must go. Its most important provisions are but waste paper. Socialism must write another. The coming battle in spite of the politicians will be—

Constitutionalism versus Socialism.

It is well with us that it comes, and soon. Constitutionalism cannot live and flourish amidst the present anarchy of parties. Rather than the latter should prevail for any length of time, it would be infinitely better in the public interests that the reign of Objective Socialism should begin, and begin immediately. The reason for such a preference is written unmistakably on the history of every civilised country.

APPENDICES

APPENDIX A

Extracts from Reports of Harvester Excise Case

The author is indebted to the *Argus* Reports of the Harvester Excise Cases of October and November 1907 for the following copies of sworn lists of the cost of living, and for the extracts quoted from the evidence.

Extracts

I

Witness (an ironmoulder, wages 9s. a day, married, one child) deposed — Work was done at a more rapid rate than in general engineering shop. [*N.B.*— Almost all the witnesses called by the employees agreed on this point.] He handed in the following list of weekly household expenses :—

Rent, 10s. ; groceries, 9s. ; butcher, 3s. 3d. ; baker, 1s. 9d. ; flour for pastry, 1s. 6d. ; milk, 2s. 6d. ; firewood, 2s. 4d. ; vegetables and fruit, 2s. ; lodge, 1s. 2d. ; dinners, 2s. 6d. ; fares to work, 1s. 6d. ; accident fund, 6d. ; kerosene, 9d. ; newspaper, 6d. Total £1 : 19 : 3.

Witness further deposed—He paid £2 : 14 : 6 per annum for insurance ; he was a non-drinker, non-smoker, and non-gambler.

Another witness.

Counsel for Applicant for Exemption (Sunshine Harvester Co.)—Do you remember an allegation being made in the State Parliament that a bogus Wages Board existed in the trade?—Yes.

As a matter of fact there was no such Board?—No.

Was there not a meeting of Mr. McKay's employees in connection with the allegation of Mr. Lemmon, M.L.A.? —Yes.

Is this true? It is an extract from the *Argus* referring to the meeting:—"Mr. —— remarked that the statement that there was a bogus Wages Board was ridiculous. One and all of the employees would agree with him that if any of them wanted an increase of wages they would not go to a Wages Board, but to the foreman or Mr. McKay, and if the applicant was worth more, he would get it"?—I will not swear I said it.

Will you swear you did not?—I will not swear that I did not. It is so far back. There was no Wages Board in existence then. I cannot see how I could have made that statement.

Mr. JUSTICE HIGGINS—Leave the question of Wages Boards out. Did you say that if an employee desired an increase and that if he deserved it he would get it from Mr. Geo. McKay?

I will not swear any way, because I cannot remember it. I will go so far as to say that the paragraph without reference to the Wages Board represents what probably I said.

Mr. JUSTICE HIGGINS—I will not attach the slightest importance to expressions made at a meeting of employees in a factory. I know too well what takes place at meetings of employees where every one is dependent on the employer's will.

Witness further deposed—Rent had gone up within the last two years from 6s. to 7s. 6d. A house let at 10s. then would now easily bring 12s. 6d. There were practically no houses to let in C—— owing to the influx of people from Tasmania, Ballarat, and Bendigo. That

was the experience in other suburbs. The artisan class pay 8s. 6d. and upwards. There has been an influx of people, which has caused prosperity in the metropolitan area.

Another witness (coal and firewood merchant) deposed—From October 1905 to August 1907 coal had increased from 1s. 3d. to 1s. 6d. per cwt.; firewood from 1s. 1d. to 1s. 3d.

Another witness (a married woman) deposed—Husband earned £2 : 5s. to £2 : 8s. per week. Family of four. Boy earned 7s. 6d. a week. Weekly household expenses were—groceries, 13s. 4½d.; bread, 2s. 3d.; meat, 5s.; milk, 1s. 6d.; firewood, 2s. 4d.; vegetables and fruit, 2s. 6d.; newspaper, 6d.; clothes, 6s. 6d.; rent, 8s.; boots, 3s.; fares, 1s.; lodge, 2s.

Counsel for Harvester Co.—You dress pretty well?—Fairly well. But that is not your best costume?—Yes, it is.

What do you think it would cost?—About £2. And your hat?—About £2 : 14s., hat and all.

Another witness (Secretary of Australian Federated Butchers' Union) produced lists showing the wholesale rates of meat:—

	August 27, 1904.	August 26, 1905	August 25, 1906	August 1907
Beef, per cwt. .	24s. to 25s.	25s. to 26s.	25s. to 26s.	20s. to 35s.
Mutton, per lb.	3¾d. to 3½d.	2⅞d. to 3d.	2⅝d. to 2¾d.	3½d. to 3¾d.
Veal, per lb. .	3¼d. to 3½d.	2¼d. to 2½d.	2¼d. to 2½d.	2½d. to 3d.
Lamb, per cwt.	12s. to 13s.	11s. to 12s.	10s. to 12s.	12s. to 14s.

APPENDIX B

THAT all this industrial legislation has not materially lessened the difficulty and necessity for the worker's search for employment is shown by the following records of registration at the Labour Bureaus :—

TABLE I. VICTORIA

Year.	Registrations effected.	Engagements effected.
1901	13,865	2705
1902	10,071	
1903	7,629	1203
1904	11,559	1329
1905	12,937	1531
1906	13,232	2896
1907	10,119	2466

The officer in charge of the Bureau (Victoria) reports :—

"The distinction between the number of registrations effected and the number of individual applicants registered, resulting from the fact that in many cases the same applicants register more than once during the year, will of course be observed. The number of men who are regular applicants at the Bureau is very considerable, especially amongst unskilled labourers, and consequently the allowance to be made for duplication of registrations is proportionately great. It would probably be safe to say

that the number of individuals applying in any year would be represented by half the registrations effected. Allowance must also be made, in considering engagements effected, for the fact that the same applicants may be engaged more than once during the year This should equal, say, about one-sixth to one-eighth of the engagements made."

Registrations of Unemployed at Labour Bureau, New South Wales

	Re-Registration.	New Registration.	Gross Registration.
1900–1901	6343	3099	9442
1901–1902	1391	2243	3634
1902–1903	740	2144	2854
1903–1904	2513	1482	3995
1904–1905	885	998	1883
1905–1906	361	1257	1618
1906–1907	249	2316	2565

The marked decrease in the figures of New South Wales against those of Victoria by no means indicates a correspondingly different Labour market. The probability is that a different system of registration is followed in each, and the work of the departments vary in scope. Probably the Bureau is more used in Victoria than in New South Wales. The latter seems to be an institution where men not only register, but seek temporary work at some of the State farms.

It is also admitted that the figures are a very unsafe basis for calculating the condition of the Labour market. The Director reports (2nd Annual Report, 1907): "Four years ago, out of just over 16,000 names on our books very nearly 12,000 had not been under observation for over twelve months. So that when these registration figures are quoted by themselves, very erroneous estimates are formed of what some people delight to call the 'workless

army.' To remedy this a general re-registration was commenced, under which the number has again mounted to nearly 10,000 on the books, of whom probably not more than 10 per cent can be fairly termed 'live' registrations. And these numbers do not at all indicate how many men are wanting work at any given time." He then gives two general tables, which give a more trustworthy estimate on that point.

I. General Register

Date.	Total on books as unemployed.	Total eligible for work.
1906		
July 31	7618	556
August 31	7807	535
September 30	7933	489
October 31	8090	559
November 30	8196	579
December 31	8267	465
1907		
January 31	8479	583
February 28	8623	483
March 31	8768	451
April 30	9049	492
May 31	9334	543
June 30	9806	529

Little information can be gathered from any of the other States. The annual publication of registrations and official reports, it is feared, may be looked upon as a reflection on the general prosperity of the States, and as the statistics are so easily misconstrued and so easily used against the States, publication has practically ceased.

The unemployed are frequently assisted by railway fares to districts where employment has been obtained for them. They are supposed to refund this amount out of their earnings. Many honestly refund every penny; others evidently look upon the grant from Government as involving no obligation to repay it. But considering

the class of men dealt with, the result is highly creditable to the character of the Australian workman.

The following is a report from New South Wales :—

Year.	Cost of tickets.	Refunds.	Debit balance.	Credit balance.
1900–1901	£5,515 10 0	£3,080 15 11	£2434 14 3	...
1901–1902	2,330 1 4	2,567 7 6	...	£237 6 2
1902–1903	1,404 15 1	1,476 5 5	...	71 10 4
1903–1904	1,342 19 9	1,205 2 1	137 17 8	...
1904–1905	1,145 4 6	1,336 14 10	...	191 10 4
1905–1906	1,606 17 5	1,561 8 1	45 9 4	...
1906–1907	2,011 3 9	2,544 15 0	...	533 11 3
Totals	£15,356 12 0	£13,772 8 10	£2618 1 3	£1033 18 1

Note by Author.—The information available on this point is admittedly very scanty, and having been collected at haphazard, no definite result can be asserted from it. It is plain that neither the State Labour Bureaus nor the Commonwealth Parliament have made any statistical research into the various bearings of this important matter. And yet, till some definite relationship is shown to exist between high tariffs, Statutory fixed wage rates, and cost of living, all legislation on these subjects is a mere leap in the dark. So far as investigation is concerned, the following answer, given by the Commonwealth Minister of Home Affairs in the Senate, May 27, 1908, clearly indicates the position at present.

"The answers to the Honourable Senator's questions are as follow: (1) and (2) (referring to registrations for employment and successes in obtaining employment), The data at present available is very imperfect, but inquiries will be made. The figures furnished to me by the Commonwealth statistician, in reply to No. 1, were of such a character that I asked for a conference with him with regard to them. But between the two of us we could not arrive at any satisfactory explanation, as they seemed somewhat anomalous.

"The question of the relation of wages to cost of living is a very complicated one, as there is considerable variation not only between the various States, but between various parts of the same State. It would not be possible at the present time to give satisfactory statistics for past years; it is not proposed to do more than make preliminary inquiries at the present time."

APPENDIX C

THE following list, taken from the *Argus* newspaper of February 21, 1908, gives one of the most complete and exhaustive attempts at close inquiry into the cost of commodities in any one State. It, however, deals only with garden and dairy produce, meat and bread. It applies to Victorian prices only.

	Feb. 18, 1901.	Feb. 17, 1902.	Feb. 16, 1903.	Feb. 15, 1904.	Feb. 20, 1905.
Fruit					
Apples, per case . .	9d. to 3s.	2s. to 5s.	1s. to 4s.	1s. to 4s. 6d.	1s. to 5s.
Pears ,, . .	3s. to 5s.	4s. to 8s.	2s. 6d. to 5s.	1s. 6d. to 2s. 6d.	1s. to 6s.
Grapes ,, . .	2s. to 8s.	3s. to 7s.	2s. 6d. to 9s.	2s. to 6s.	3s. to 6s. 6d.
Peaches ,, . .	1s. to 5s.	3s. to 10s.	4s. to 7s. 6d.	1s. to 4s.	2s. to 10s.
Plums ,, . .	1s. 6d. to 3s.	3s. to 4s.	2s. to 3s. 6d.	1s. to 2s.	2s. to 3s.
Figs, per ½ case . .	2s. to 3s.	2s. 6d. to 3s. 6d.	...	2s. 6d. to 3s.	1s. 9d. to 2s. 6d.
Vegetables					
Kidney Beans, per 100 lbs.	4s. to 6s.	18s. to 21s.	3s. to 8s.	8s. to 10s.	16s. to 20s.
Cabbages, per doz. .	6d. to 2s.	2s. to 3s. 6d.	1s. to 2s.	9d. to 2s.	6d. to 2s. 6d.
Carrots, per doz. bunches	4d. to 8d.	4d. to 9d.	4d. to 6d.	4d. to 6d.	6d. to 9d.
Lettuce, per doz. .	3d. to 6d.	6d. to 1s.	4d. to 10d.	4d. to 8d.	6d. to 1s.
Onions, per cwt. .	5s. to 6s.	2s. 9d. to 3s. 6d.	3s. to 4s.	2s. 6d. to 3s.	8s. to 10s.
Potatoes, per cwt. .	5s. to 6s.	4s. to 4s. 6d.	3s. to 4s. 6d.	1s. 6d. to 2s. 6d.	6s. to 8s.
Tomatoes, per case .	1s. to 3s.	1s. 6d. to 2s. 6d.	1s. 6d. to 2s.	1s. to 2s.	1s. 3d. to 2s.
Marrows, per doz. .	6d. to 1s.	1s. 6d. to 3s.	6d. to 1s.	6d. to 1s. 6d.	9d. to 2s.

	Feb. 18, 1901.	Feb. 17, 1902.	Feb. 16, 1903.	Feb. 15, 1904.	Feb. 20, 1905.
Meat					
Pork, per lb. . . .	5½d. to 6d.	4d. to 7d.	8d. to 9d.	7d. to 9d.	6d. to 9d.
Mutton ,, . . .	3½d. to 5d.	2d. to 3d.	2¼d. to 5½d.	4½d. to 6½d.	2d. to 5d.
Beef ,, . . .	4d. to 8d.	3d. to 7d.	5½d. to 9d.	4d. to 7d.	3d. to 7d.
Steak ,, . . .	...	7d. to 9d.	7d. to 10d.	6d. to 10d.	5½d. to 8d.
Poultry					
Fowls, per pair . .	3s. 6d. to 6s.	4s. to 6s.	5s. 6d. to 7s.	5s. to 6s.	4s. to 5s.
Ducklings ,, . .	4s. to 6s. 6d.	4s. 6d. to 7s.	5s. to 7s.	5s. to 7s.	5s.
Turkeys ,, . .	8s. to 25s.	8s. to 25s.	10s. to 28s.	15s. to 25s.	10s. to 20s.
Geese ,, . .	6s. to 10s.	...	...	10s. to 12s.	10s. to 12s.
Dairy Produce					
Butter, per lb. . .	7d. to 1s. 1d.	10d. to 1s. 3d.	10d. to 1s. 3d.	7d. to 1s.	8d. to 1s. 1d.
Cheese ,, . .	5d. to 10d.	6d. to 11d.	8d. to 1s.	8d. to 1s.	6d. to 1s.
Eggs, per doz. . .	11d. to 1s. 2d.	1s. to 1s. 5d.	1s. 2d. to 1s. 6d.	1s. to 1s. 3d.	10d. to 1s. 3d.
Milk, per qrt. . .	3d. to 5d.	3d. to 5d.	4d. to 5d.	3d. to 4d.	3d. to 4d.
Bacon, per lb. . .	6d. to 10d.	8d. to 11d.	8d. to 1s.	7d. to 10d.	7d. to 11d.
Bread, per 4-lb. loaf	3d. to 4½d.	4d. to 5d.	6½d. to 7d.	4½d. to 5½d.	4½d. to 5½d.

	Feb. 19, 1906.	Feb. 18, 1907.	Feb. 17, 1908.
Fruit			
Apples, per case .	2s. 6d. to 7s. 6d.	1s. 6d. to 5s. 6d.	2s. 6d. to 8s.
Pears ,, . .	5s. to 7s. 6d.	2s. 6d. to 5s.	4s. to 6s.
Grapes ,, . .	3s. 6d. to 10s.	2s. to 8s.	3s. to 8s.
Peaches ,, . .	4s. to 10s.	1s. 6d. to 5s.	3s. to 6s.
Plums ,, . .	3s. to 4s. 6d.	1s. 6d. to 3s.	2s. 6d. to 4s.
Figs, per ½ case .	2s. 6d. to 4s.	...	3s. to 3s. 6d.
Vegetables			
Kidney Beans, per 100 lbs. . . .	12s. to 15s.	10s. to 14s.	15s. to 28s.
Cabbages, per doz.	1s. to 2s. 6d.	1s. 3d. to 2s. 6d.	2s. to 3s. 6d.
Carrots, per doz. bunches . . .	3d. to 9d.	4d. to 8d.	8d. to 1s.
Lettuce, per doz. .	4d. to 9d.	3d. to 8d.	4d. to 1s.
Onions, per cwt. .	4s. 6d. to 5s.	2s. 9d. to 3s. 3d.	5s. to 6s.
Potatoes ,, .	6s. to 7s. 6d.	2s. 6d. to 3s. 3d.	3s. to 4s.
Tomatoes, per case	2s. 3d. to 4s.	1s. 6d. to 2s. 6d.	3s. 6d. to 5s.
Marrows, per doz.	9d. to 3s.	1s. to 2s. 6d.	1s. 6d. to 3s. 6d.
Meat			
Pork, per lb. . .	5d. to 9d.	5d. to 9d.	6d. to 9d.
Mutton ,, . .	3d. to 6½d.	3d. to 5d.	2½d. to 4d.
Beef ,, . .	3d. to 6½d.	4d. to 8d.	...
Steak ,, . .	6d. to 9d.	6d. to 10d.	4d. to 11d.
Poultry			
Fowls, per pair. .	4s. 6d. to 6s.	5s. to 6s.	4s. to 6s. 6d.
Ducklings, per pair	5s. to 6s. 6d.	6s. to 7s.	5s. to 7s.
Turkeys ,, .	12s. to 25s.	15s. to 40s.	10s. to 25s.
Geese ,, .	7s. to 8s.	10s. to 12s.	6s. to 10s.
Dairy Produce			
Butter, per lb. .	9d. to 1s. 2d.	9d. to 1s. 2d.	10d. to 1s. 4d.
Cheese ,, .	6d. to 8d.	6d. to 9d.	6d. to 1s.
Eggs, per doz. .	10d. to 1s. 1d.	11d. to 1s. 2d.	1s. to 1s. 6d.
Milk, per quart. .	3½d. to 4d.	4d.	4d.
Bran, per lb. .	6d. to 1s.	6d. to 1s.	8d. to 1s.
Bread, per 4-lb. loaf	4½d. to 5½d.	4½d. to 5d.	4½d. to 6d.

APPENDIX D

Expenditure on Immigration

State.	Expenditure prior to 31.12.1900.			State.	Expenditure since 31.12.1900.		
	Consolidated Revenue.	Loan Fund.	Total.		Consolidated Revenue.	Loan Fund.	Total.
N. S. Wales .	£1,245,779	£1,269,633	£2,515,442	N. S. Wales .	£17,067	...	£17,067
Victoria . .	2,013,100	...	2,013,100	Victoria . .	730	...	730
Queensland .	521,180	2,677,582	3,198,762	Queensland .	30,669	£90,382	121,051
S. Australia .	2,173,282	...	2,173,282	S. Australia .	...	...	...
W. Australia .	90,708	23,272	114,080	W. Australia .	11,024	4,713	15,713
Tasmania . .	...	235,000	235,000	Tasmania . .	...	...	...
Total .	£6,044,049	£4,205,617	£10,249,666	Total .	£59,490	£95,095	£154,585

Prior to Federation	Total	£10,249,666
After Federation	,,	154,585
Total		£10,404,251

In Queensland, in addition to the amounts spent from Consolidated Revenue and Loan Funds, a total of £447,206 has been spent from Trust Funds, while, as a set-off to this, contributions by immigrants have amounted to £442,043.

APPENDIX E

Fiscalism and the Labour Manifesto

On October 5, 1906, Mr Watson issued his manifesto to the Federal electors. In it he laid down the principles on which his party intended to appeal to them at the elections, December 12, 1906. Dealing with the questions of fiscalism and the views of his party thereon he announced to Australia :—

"The Labour Platform proposes that the fiscal policy of Australia should be settled by the people themselves. Our intention is that this settlement shall be made speedily and decisively, free from the confusion and distraction of other issues.

"A Royal Commission is at present inquiring into the effects of the existing tariff, and its report will doubtless be followed by a complete revision of the duties by Parliament. This tariff being accomplished, the question of confirming or rejecting the revised tariff should be submitted to a referendum as soon as practicable, and thus ensure freedom from tariff alteration for a reasonable period."

This manifesto also pointed out that hitherto Protection had been imposed mainly for the benefit of the manufacturers, but his party would not consent to increasing the duties unless the workers received a corresponding advantage of increased wages.

Mr. Watson followed up the issue of the manifesto on October 5, 1906, by a speech at Redfern (a suburban

Sydney Constituency in the centre of the electorate which he was contesting). In this speech he said to his electors: "There should be a referendum on the question of the tariff. Personally he was a Protectionist, and if he was returned to the Federal Parliament he would use his efforts to perfect the tariff from the Protectionist standpoint. But while his party was not agreed as to the policy, it was agreed that once the people had made up its mind on a certain course it should be left alone, and not dug up time and again. So the party looked to a referendum to give stability of policy."

This is another exhibition of the usual policy of the Australian Socialist. Personally, as he says, he was a Protectionist. This might mean anything from a mere Revenue tariffist, protecting the principal source of States' Revenues, up to a Prohibitionist. Besides that, he was appealing to a constituency which in the main had hitherto proved steadfast to the principles of Free Trade. If, therefore, any objection were raised to a protective tariff in any form, he could reply, "I am leaving it to you in any event. It will have to go before you for decision." Then, again, neither he nor his party made any general protest against the higher tariff when it came before Parliament, or stipulated that it was to be subject to a referendum. He knew that the details of a tariff which included every article of wear, of use, and many of the necessary foods, together with the determination of every rate of wage in each of the industries affected by this minute tariff, could not possibly be made the subject of a referendum. He simply played with Protection exactly the same cards he played with Socialism. He resigned his leadership of the party during the progress of the Tariff debates in October 1907.

APPENDIX F

EXCISE TARIFF (AGRICULTURAL MACHINERY), 1906

JUDGMENT OF MR. JUSTICE HIGGINS, PRESIDENT OF THE COMMONWEALTH COURT OF CONCILIATION AND ARBITRATION, IN THE MATTER OF THE APPLICATION OF H. V. MCKAY, FOR AN ORDER IN TERMS OF SECTION 2 (*d*), DELIVERED THE 8TH NOVEMBER 1907. (From the *Melbourne Argus* report.)

APPLICATION of H. V. McKay under Section 2 (*d*) of the *Excise Tariff* 1906. The Commonwealth Parliament has by this Act imposed certain Excise duties on agricultural implements; but it has provided that the Act shall not apply to goods manufactured in Australia "under conditions as to the remuneration of labour which are declared by the President of the Court to be fair and reasonable." My sole duty is to ascertain whether the conditions of remuneration submitted to me "are fair and reasonable." I have not the function of finding out whether the rates of wages have, or have not, been in fact paid since the 1st of January 1907, when this Act came into force.

I selected Mr. McKay's application out of some 112 applications made by Victorian manufacturers, because I found that the factory was one of the largest, and had the greatest number and variety of employees; and because his application was to be keenly fought. The Act left me free to inform my mind as best I could; and I was at full

liberty to limit the evidence, or even to act without evidence. I felt that in the course of the contest on this application, I should best learn what it was necessary for me to learn with regard to the various operations in the manufacture, the functions of the employees, the character of the work, and the proper conditions of remuneration. I intimated to all the applicants that I should make use of the information acquired by me in the course of this application for the purpose of dealing with the other applications; that I should not allow all the same kind of evidence to be given over again; but that each of the subsequent applicants should be at liberty to show any exceptional characteristics of his undertaking. Lest by any chance there should be any consideration omitted by Mr. McKay, I also offered to Mr. Coldham, who appeared for several large manufacturers, an opportunity to call evidence before McKay's case should be closed; but he did not do so.

The first difficulty that faces me is as to the meaning of the Act. The words are few, and at first sight plain of meaning; but, in applying the words, one finds that the Legislature has not indicated what it means by "fair and reasonable"—what is the model or criterion by which fairness and reasonableness are to be determined. It is to be regretted that the Legislature has not given a definition of the words. It is the function of the Legislature, not of the Judiciary, to deal with social and economic problems; it is for the Judiciary to apply, and, when necessary, to interpret the enactments of the Legislature. But here, this whole controversial problem, with its grave social and economic bearings, has been committed to a judge who is not, at least directly, responsible, and who ought not to be responsive, to public opinion. Even if the delegation of duty should be successful in this case, it by no means follows that it will be so hereafter. I do not protest against the difficulty of the problem, but against the confusion of functions—against the failure to define, the shunting of Legislative responsibility. It would be almost as reasonable to tell a Court to do what is "right" with

regard to real estate, and yet lay down no laws or principles for its guidance.

In the course of the long discussion of this case, I have become convinced that the President of this Court is put in a false position. The strength of the Judiciary in the public confidence is largely owing to the fact that the judge has not to devise great principles of action as between great classes, or to lay down what is fair and reasonable as between contending interests in the community; but has to carry out mandates of the Legislature, evolved out of the conflict of public opinion after debate in Parliament. I venture to think that it will not be found wise thus to bring the Judicial Department within the range of political fire. These remarks would not be made if the Legislature had defined the general principles on which I am to determine whether wages are fair and reasonable or the reverse. But I shall do my best to ascertain by inference the meaning of the enactment; and Parliament can, of course, amend the Act if it desire to declare another meaning.

The provision for fair and reasonable remuneration is obviously designed for the benefit of the employees in the industry; and it must be meant to secure to them something which they cannot get by the ordinary system of individual bargaining with employers. If Parliament meant that the conditions shall be such as they can get by individual bargaining—if it meant that those conditions are to be fair and reasonable, which employees will accept and employers will give, in contracts of service—there would have been no need for this provision. The remuneration could safely have been left to the usual, but unequal, contest, the "higgling of the market" for labour, with the pressure for bread on one side and the pressure for profits on the other. The standard of "fair and reasonable" must therefore be something else; and I cannot think of any other standard appropriate than the normal needs of the average employee, regarded as a human being living in a civilised community. I have invited counsel and all

concerned to suggest any other standard; and they have been unable to do so. If, instead of individual bargaining, one can conceive of a collective agreement—an agreement between all the employers in a given trade on the one side, and all the employees on the other—it seems to me that the framers of the agreement would have to take, as the first and dominant factor, the cost of living as a civilised being. If A lets B have the use of his horses, on the terms that he give them fair and reasonable treatment, I have no doubt that it is B's duty to give them proper food and water, and such shelter and rest as they need; and, as wages are the means of obtaining commodities, surely the State, in stipulating for fair and reasonable remuneration for the employees, means that the wages shall be sufficient to provide these things, and clothing, and a condition of frugal comfort estimated by current human standards. This, then, is the primary test, the test which I shall apply in ascertaining the minimum wage that can be treated as "fair and reasonable" in the case of unskilled labourers. Those who have acquired a skilled handicraft have to be paid more than the unskilled labourer's minimum; and in ascertaining how much more, in the case of each of the numerous trades concerned in this factory, I have been invited to make myself expert in a large number of technical details, and familiar with the mysteries of many mechanical appliances. Fortunately, I can find guidance more satisfactory than could be afforded by my mere inspection of the processes and machinery in the factory, or even by the evidence of differing experts in the several trades.

I may add that the view which I have stated of my duty under the Act seems to be supported by a critical verbal examination of the words "fair and reasonable" used in collocation. Under an English Act, an agreement between a solicitor and client as to costs can be set aside, unless the solicitor show that it is "fair and reasonable"; and it has been held by the Court of Appeal that "fair" refers to the mode in which the agreement has

been obtained, and "reasonable" means that the amount payable must not be out of proportion to the work done. (*In re* Stuart, 1893, 2 Q.B. 201.) Applying the reasoning to the present case, I cannot think that an employer and a workman contract on an equal footing, or make a "fair" agreement as to wages, when the workman submits to work for a low wage to avoid starvation or pauperism (or something like it) for himself and his family; or that the agreement is "reasonable" if it does not carry a wage sufficient to insure the workman food, shelter, clothing, frugal comfort, provision for evil days, etc., as well as reward for the special skill of an artisan, if he is one.

It was strongly urged before me that I should compel the applicant to disclose his books, so as to enable the objectors to see what are his profits; and that if the profits are large the wages should be large also. The applicant objected to such disclosure, and I declined to compel him. I cannot find anything in the Act to suggest a scheme of profit-sharing. The *Customs Tariff* 1906 imposes a heavy import duty as to stripper-harvesters—£12 each. Then the Excise Tariff imposes on Australian harvesters an Excise duty of £6 each; but even this Excise duty is not to apply if the goods are manufactured under conditions as to remuneration which I (or some other of the authorities mentioned in the Act) declare to be fair and reasonable. That is all. Fair and reasonable remuneration is a condition precedent to exemption from the duty; and the remuneration of the employee is not made to depend on the profits of the employer. If the profits are nil, the fair and reasonable remuneration must be paid; and if the profits are 100 per cent, it must be paid. There is far more ground for the view that, under this section, the fair and reasonable remuneration has to be paid before profits are ascertained—that it stands on the same level as the cost of the raw material of the manufacture. In this case, moreover, Mr. McKay relieved me of all doubt by admitting, through his counsel, that he is able to pay fair and reasonable wages—whatever may be declared to be fair

and reasonable. As at present advised, I shall certainly refuse to pry, or to allow others to pry, into the financial affairs of the manufacturers, or to expose their financial affairs to their competitors in business. If it is to be cards on the table, it ought to be all cards on the table. But having regard to the Tariff protection given, the Excise exemption offered, and the admission which I have mentioned, I shall ignore any consideration that the business will not stand what I should otherwise regard as fair and reasonable remuneration.

I come now to consider the remuneration of the employees mentioned in this application. I propose to take unskilled labourers first. The standard wage—the wage paid to the most of the labourers by the applicant—is 6s. per day of eight hours, with no extra allowance for overtime; but there is one man receiving only 5s. 6d. There is no constancy of employment, as the employer has to put a considerable number of men off in the intervals between the seasons. The seed-drill and plough season, I am told, is in the earlier part of the year, about April; but the busiest time is the harvester season, about August to November. But even if the employment were constant and uninterrupted, is a wage of 36s. per week fair and reasonable, in view of the cost of living in Victoria? I have tried to ascertain the cost of living—the amount which has to be paid for food, shelter, clothing, for an average labourer with normal wants, and under normal conditions. Some very interesting evidence has been given by working-men's wives and others; and the evidence has been absolutely undisputed. I allowed Mr. Schutt, the applicant's counsel, an opportunity to call evidence upon this subject even after his case had been closed; but notwithstanding the fortnight or more allowed him for investigation, he admitted that he could produce no specific evidence in contradiction. He also admitted that the evidence given by a land agent, Mr. Aumont, as to the rents, and by a butcher as to meat, could not be contradicted. There is no doubt that there has been

during the last year or two a progressive rise in rents, and in the price of meat, and in the price of many of the modest requirements of the worker's household. The usual rent paid by a labourer, as distinguished from an artisan, appears to be 7s.; and, taking the rent at 7s., the necessary average weekly expenditure for a labourer's home of about five persons would seem to be about £1 : 12 : 5. The lists of expenditure submitted to me vary not only in amounts but in bases of computation. But I have confined the figures to rent, groceries, bread, meat, milk, fuel, vegetables, and fruit; and the average of the list of nine housekeeping women is £1 : 12 : 5. This expenditure does not cover light (some of the lists omitted light), clothes, boots, furniture, utensils (being casual, not weekly expenditure), rates, life insurance, savings, accident or benefit societies, loss of employment, union pay, books and newspapers, tram and train fares, sewing machine, mangle, school requisites, amusements and holidays, intoxicating liquors, tobacco, sickness and death, domestic help, or any expenditure for unusual contingencies, religion or charity. If the wages are 36s. per week, the amount left to pay for all these things is only 3s. 7d.; and the area is rather large for 3s. 7d. to cover—even in the case of total abstainers and non-smokers—the case of most of the men in question. One witness, the wife of one who was formerly a vatman in candle works, says that in the days when her husband was working at the vat at 36s. a week she was unable to provide meat for him on about three days in the week. This inability to procure sustaining food—whatever kind may be selected—is certainly not conducive to the maintenance of the worker in industrial efficiency. Then, on looking at the rates ruling elsewhere, I find that the public bodies which do not aim at profit, but which are responsible to electors or others for economy, very generally pay 7s. The Metropolitan Board has 7s. for a minimum; the Melbourne City Council also. Of seventeen municipal councils in Victoria, thirteen pay 7s. as a minimum; and only two pay a man so low

as 6s. 6d. The Woodworkers' Wages Board, July 24, 1907, fixed 7s. In the agreement made in Adelaide between employers and employees, in this very industry, the minimum is 7s. 6d. On the other hand, the rate in the Victorian Railways workshops is 6s. 6d. But the Victorian Railways Commissioners do, I presume, aim at a profit; and, as we were told in the evidence, the officials keep their fingers on the pulse of external labour conditions, and endeavour to pay not more than the external trade minimum. My hesitation has been chiefly between 7s. and 7s. 6d.; but I put the minimum at 7s., as I do not think that I could refuse to declare an employer's remuneration to be fair and reasonable if I find him paying 7s. Under the circumstances, I cannot declare that the applicant's conditions of remuneration are fair and reasonable as to his labourers.

I could stop here, take no further trouble, and simply refuse to declare that the applicant's conditions as to remuneration are fair and reasonable. But this course would leave the applicant in the dark as to the wages paid to his other employees. He might hereafter pay the 7s. to his labourers, and come again for exemption, and then find that his other wages are regarded as too low. Now, as I have had to consider and form an opinion as to the applicant's whole list of wages, I do not see why I should not frankly let him know my conclusions, in order that, if he seek remission of Excise for his future manufactures, he may secure it by simply paying what—until further order—I regard as fair and reasonable wages. For I have had mentally to form a standard of fair and reasonable wages, in order to decide whether the applicant comes above or below that standard. Moreover, I am impressed with the importance and the justice of uniformity as between manufacturers—uniformity so far as circumstances permit it. I cannot have one scale for A, and another for B, where they manufacture under conditions which are substantially similar. I must be free to consider and allow for exceptional circumstances; but they must be

very exceptional indeed to justify me in departing from uniformity. Therefore, to insure this uniformity, and to give to the applicant and other manufacturers that certainty as to my requirements, which is so essential for their business, I propose to annex to my order a schedule, stating openly the minimum conditions as to remuneration which I regard as fair and reasonable. I shall call this "The Excise Tariff Standard."

I pass now to the various trades which are concerned in the operations of making agricultural implements; and first, ironmoulders. This trade at once raises the question as to Victorian Wages Board determinations. Personally, I should have been very glad to have the assistance of a Victorian Wages Board, if it were the genuine, unfettered decision of employers and employees conversant with all the points and details of an industry and meeting in friendly conference. But it has to be remembered that I have to deal with this industry through all Australia, and that I have no right to let one State, through its particular machinery, prescribe the conditions of labour for other States. Nor can I let the Victorian manufacturers carry on their undertakings at lower wages than manufacturers elsewhere, simply because a Victorian Wages Board has prescribed low wages. In the next place, the conditions under which each Board acts have to be carefully scrutinised. There is an Agricultural Implements Board, but it is under the operation of the "reputable employers" section (S. 83). This inquiry was finally opened on the 7th October, after long adjournments, granted by my predecessor with the view of giving the Board ample time for coming to some conclusion with regard to wages. But the Board had failed to come to any conclusion, and the Minister of Labour had suggested that the Board should adjourn till an amending Bill should be passed (see letter of 23rd September 1907). On the evenings of the 7th and 8th October, however, the Board suddenly came to certain determinations which have been pressed upon me. But it turns out, from the evidence of

the Secretary of the Board, that the chairman, finding himself coerced by the "reputable employers" section, declined to receive any motion for a wage exceeding the average appearing from the returns of wages paid by "reputable employers." This restriction upon the free action of the Board deprives the Board's determination of almost all value in the eyes of an outside investigator, and especially in the eyes of one who has my duty to perform. If my view of my duty in ascertaining what are fair and reasonable conditions as to remuneration, as stated above, is right, how can I fulfil that duty by accepting the average rates which employers think fit to give on individual bargaining with men seeking work? I should attach, I think, overwhelming value to conclusions freely formed by experts in the trade, representing the opposing interests; but I decline to accept the mere conclusions of employers, just as I should decline to accept the mere conclusions of employees. Again, a determination of a Wages Board may be reversed or varied by the Court of Industrial Appeals (section 120). The Court consists of a Supreme Court Judge; and he is bound to lower the minimum wage fixed by the Board if he thinks that it may prejudice "the progress, maintenance of, or scope of employment in the trade or industry." In other words, he is to put the interests of the business—of the profit-maker—above the interests of the human beings employed. I cannot think that this system is consistent with that marked out for me by the Excise Tariff. The scheme of the Excise Tariff seems to be based on making fair and reasonable remuneration a first charge, as it were, on the gross receipts—based on putting such remuneration in the same position as the cost of raw materials. I cannot delegate my functions to the judge, whoever may be appointed from time to time, of the Court of Industrial Appeals, acting under a very different Act, under conditions which coerce him on every side, and especially when I know that he, though non-expert in the industry, is enabled to reverse what experts in the industry may

have concurred in deciding. In addition, I cannot impose the Victorian Act or Victorian conditions on other States, and I shall keep steadily in view the importance to the manufacturers of certainty and (so far as possible) uniformity throughout Australia. I am forced to make these observations on the Victorian Factories Act, in order to explain why I cannot accept the Wages Board determinations as sufficient for the purpose of my decision under the *Excise Tariff* 1906. I have no right, and I have no desire, to criticise what any Parliament may do. But when the determinations of Wages Boards are pressed upon me, I have to consider all the circumstances in order to see whether these determinations are a safe guide for me in the performance of my duty under the Excise Tariff.

But the case of the Ironmoulders' Board is different. This is the only Board which applies to any of the trades concerned in this industry; and it is not under the operation of the "reputable employers" section. I have, therefore, been strongly tempted to bow to the judgment of men who must know better, and to accept the findings of this Board, 1st October 1904 and 2nd April 1906. The chief point to be considered is, the distinction made by this Board between light ironmoulding (including agricultural implements work) and engineering, or heavy ironmoulding. The Board has fixed a minimum of 10s. and 9s. for the latter, and a minimum of 8s. for the former. Unfortunately, it turns out that this Determination was carried only by casting vote of the chairman—a gentleman who had not any previous experience of the trade. The employers voted for this distinction; the employees voted all against it. It is significant that the heavy ironmoulders, speaking through their union, do not wish to be paid more than the light ironmoulders. If I had to decide from the evidence, and from what I have seen, I should say that the extra pace and the monotonous repetition in the light ironmoulding fully balance the extra skill and the extra weight in the heavy work. The tax upon the muscular and nervous energy is, I should think,

pretty equal at the end of the day. But I rely mainly on the uniform practice of the greater foundries where no distinction is made. The Austral Otis, Victorian Railway workshops, Robinson's, Muir's, Australian Steel Company, Brunswick Mains foundry, Mackenzie, made no distinction between heavy and light. It is true that these are not agricultural implement factories. But they have plenty of light ironmoulding of other sorts; and the men engaged at it are paid at the same rate as the men on heavy work. The ruling all-round rate in the foundries which I have mentioned is 10s. per day, although some men are paid more for some special skill. The rate of 10s. is also the rate agreed on between master moulders and men in New South Wales agreement. I see, moreover, no sufficient reason why, if 10s. is a fair and reasonable rate for the average journeyman fitter, it should not be fair and reasonable for the average journeyman moulder. I have not omitted to consider the fact that, according to the United States Bulletin of The Bureau of Labour, 1906 (pp. 22-36), the average wages per hour of the agricultural implement employees is less than the average wages of the employees in the foundry and machine shop. But, so far as I can make out from the Bulletin, boys as well as men are reckoned for computing the averages; and of course there would be a larger proportion of boys in agricultural implement factories, as the work is light, than in the engineering works. As for turners, I have followed the practice of the Victorian Railways, and placed them in a class apart from the other iron machinists. In the Victorian Railways, both fitters and turners have a minimum wage of 10s. This is the minimum of the Metropolitan Board and the union rate prescribed by the Amalgamated Society of Engineers. The Melbourne City Council rate is 11s. for fitters; but, on the other hand, the New South Wales agreement prescribes, I know not why, only 8s. 6d. The principal engineering shops pay 10s. I adopt that figure. The other iron machinists seemed likely to raise a formidable problem, because of the alleged differences in the skill

required to work the numerous ingenious labour-saving machines — planing machine, boring machine, centering lathe, tapping machine, washer lathe, punching and shearing machine, pipe-cutter, circular cutting machine, drilling machine, bolt-making machine, etc. But I find that the Victorian Railways class all these machinists together at 9s., except drillers; and I propose to follow their example —especially as it is accepted and approved by the Amalgamated Society of Engineers. The drillers, as well as the dressers, I treat as if they were labourers with some extra skill.

There has been a protracted contest as to blacksmiths; but here, as in the case of the moulders, I think that far too much has been made of the difference between heavy and light work—for the heavy work in engineering shops there is generally more mechanical assistance. If there is more skill, there is less pace and less monotony than in agricultural factories. The system adopted by the applicant is graphically indicated by one witness (p. 505): "I was kept on springs (for disc ploughs) for a good while, to knock out a number, 50 in the morning and 50 in the afternoon. . . . Any man kept on one class of work will become very fast, and it is profitable to the employer to keep him on that class of work. . . . I was on stays for disc ploughs for about three weeks." The damage done to eyes and ears, and the nervous and mascular strain, seem to be at least equal in agricultural factories. I adopt 10s. all round, following the Victorian Railways, the Metropolitan Board, the coach-building trade, the New South Wales agreement, the Melbourne City Council, and the Amalgamated Society of Engineers. I might add that, in the South Australian workshops in 1902, the standard rate was 10s. 6d.; and in the New South Wales railways to-day, as I am told, most of the smiths receive 11s. 8d. The blacksmiths' strikers I fix at 7s. 6d. They are not artisans; but they have a skill greater than the unskilled labourer. Mr. McKay pays most of his strikers less than 6s.; and yet even Mr. Rigby,

of the Austral Otis Company, a witness for the plaintiff, says that 6s. is a proper wage.

Coming to woodworkers, I find that the applicant treats 9s. as his standard rate for carpenters. At all events, this is the rate of payment to 19 out of 23 men whom he admits to be journeymen. Mr. Sutch, who appeared as Secretary of the Federated Sawmills Timber Yards and General Woodworkers' Employees' Association, strongly pressed me to fix either 10s. 8d., the rate awarded by Mr. Justice Cussen in a recent building dispute, or else 10s. 4d., the rate fixed for all but coarse work by the Woodworkers' Wages Board (July 24, 1907). I have read Mr. Justice Cussen's reasons for his judgment; and, so far as my information enables me to form a conclusion, the conditions of the trade in the case of building carpenters, the conditions which induced the learned Judge to fix the rate at 10s. 8d., do not exist in the case of factory carpenters. The finding of the Woodworkers' Board (which is not under the "reputable employers" section) has certainly impressed me. But the standard is 10s. in the Victorian Railways, the Metropolitan Board, the Melbourne City Council, and the average of thirteen municipal councils is about 10s. 3d. The South Australian agreement, made at the instance of Mr. Justice O'Connor, is 10s. I have not been shown any sufficient reason for giving carpenters in factories a higher minimum than the other artisans; and, after full consideration, therefore, I fix the rate at 10s. This, I may add, is the usual rate in the New Zealand awards of which I have any evidence.

The distinctions between wood machinists, added to the distinctions between iron machinists, seemed to make my task hopeless at first. "Shaping machine, bench hand, band sawyer, buzz planer, planing machine, cross-cut sawyer, tenoning machine, circular saw, sand-papering machine, boring machine"—how was I to distinguish the relative skill, the relative danger, the relative conditions; and how was I to assign the proper grade of pay to each? But the Victorian Railways again came to my aid. They

made no distinction, except (as I understand) in the case of the shaping machine, which is very dangerous. The usual rate of the Victorian Railways is 9s. But the Furniture Wages Board, October 23, 1907, fixed the minimum at 9s. 8d. for most of these machines; and even Mr. Sutch admits that 8s. is a fair wage for men working a boring machine or a cross-cut saw. This is the rate fixed by the Woodworkers' Wages Board (July 24, 1907). The applicant pays only 5s. 10d. per day to the man who works the boring machine. That man is called a "machinist" in the list; but the applicant now says that he is an improver—another proof of the indefiniteness of the distinction between journeymen and non-journeymen.

The work of painters is disagreeable and unhealthy, but it does not involve much heavy muscular strain, or indeed, in the case of brush hands, much skill. The applicant's minimum for brush hands is 6s., but most of them get 7s. His minimum for writers and liners is 8s. This is too low. In May 1907 the Melbourne Master Painters' Association agreed to 9s. as a general wage, without making any distinction. The evidence is that the usual Melbourne rates are 9s. and 10s. The Woodworkers' Wages Board prescribed 8s. 6d. as the minimum. The Victorian Railways have 8s. 6d. as a minimum, but, unless I mistake the meaning of what has been said, this figure is applicable to those who paint trucks and do other such rough work. The Metropolitan Board has 8s. for plain brush-work, and the Melbourne City Council has 9s. The New Zealand awards, which I have seen, vary from 8s. to 10s. But what influences me much is the New South Wales agreement, sanctioned by Mr. Justice O'Connor, which fixes 10s. On the whole, it seems a fair thing to fix 9s. for brush hands, and 10s. for writers and liners.

With regard to the engine-drivers, I adopt the scheme of the Furniture Wages Board determination (October 23, 1907): Engine-drivers, with other work, 10s.; engine-

drivers, first-class engines, 9s. 2d. The Victorian Railways have 9s. as the standard; but they do not give the engine-driver other work; and they make no distinction between first-class and second-class engines. The applicant's engines are first class. I have no precedent put before me for the malleable-iron annealers. But if I may judge from what I saw in the factory, they should get 8s. if the unskilled labourer gets 7s. The pattern-maker was accidentally omitted in the applicant's first two lists. The applicant pays him only 9s. 6d.; but the Victorian Railways and the Hoffman Brick Company pay the pattern-maker 11s. The Brick Trade Wages Board fixes 11s. (October 1907). I have no evidence of any pattern-maker elsewhere getting less than 11s.

I now come to the difficult question as to "improvers." "Improvers" appear in the lists submitted to me by the applicant, but they do not appear in the wages books or in the wages record supplied to the Chief Inspector under the Factories Act. I ought, perhaps, to except the case of ironmoulders ever since the Factories Act was extended to the applicant's factory as regards this trade. Two men may work at the same bench, at the same work, with the same skill. Neither knows that there is any distinction between them, in description or in wages; and yet the applicant puts one in this list as a journeyman, because he receives 8s. a day, and the other in the list as an improver, because he receives 7s. This actually happened in the case of two men working as ironmoulders. It is not unfair to say that an "improver" is a man working at a trade who receives less than the standard wage. There is no limit to the age of an "improver." I find one man an "improver" at the age of twenty-nine; another at thirty-one. I am told that there are some men who never become proficient at their trade. That is quite true; but I cannot believe that such a large proportion of Victorian lads, as the applicant's list shows under the head of "improvers," are unable to attain average proficiency after five or seven

years' proper training. I have clear evidence that in the Victorian Railways workshops only three cases of inability to learn have been found within the last six years, and yet the apprentices there average 25 per annum, and there are over 1000 mechanics. In the applicant's list there are 59 adult men doing artisan's work receiving less than even his standard wage for journeymen, and called "improvers," but there are many other adults in the same position, yet not called by that name; and I have counted 189 persons under twenty-one in this factory out of 495 employees. In the fitters' shop, out of 102 employees only 28 receive so much as 8s. The rest are called "improvers" (14), "helpers" (19), "apprentices bound" (1), "apprentices not bound" (24), "boys" (16). I have had specific evidence submitted to me as to three men in the blacksmiths' shop, and one man among the ironmoulders, who were doing average journeyman's work, with skill at least equal to that of others who are called journeymen; and yet the applicant calls these men "improvers." He calls them improvers in his application to me simply because they were receiving less than his journeyman's standard, 8s. They were receiving 7s. 8d., 7s. 7d., 7s. 6d., and 7s. respectively. It is absurd to pretend that any foreman, however discriminating, can assess values of work with such nicety as these wages indicate—one penny a day sometimes, or sixpence a week. Mr. G. McKay, who fixes the wages for the factory, says that he pays the men —nearly 500 in number, and of many different trades— according to their values. Of course, he means according to his opinion of their values. Yet when I asked what was the difference between an improver at 7s. 10d. a day and a journeyman at 8s. a day in the department of sheet-iron workers, Mr. McKay admitted that there was no appreciable recognisable difference between the men corresponding to the 1s. a week difference between their wages. One of the applicant's witnesses, Mr. Rigby, of the Austral Otis Company, complacently assured me, on the strength of a brief inspection of the factory, and of the list submitted

by the applicant, and without knowing the qualifications of the individual men, that the wages paid are, in his opinion, fair and reasonable. He did not consider the quality of the men at all, but the class of work. I can only say that I am not going to accept as final the employer's unchecked opinion as to an employee's worth in wages, any more than I should accept the value of a horse on the word of an intending vendor. The one-sided nature of an employer's valuation of an employee is indicated clearly by the frank statements of Mr. Geo. McKay: "I pay the men what I consider them to be honestly worth (p. 216). In fixing the wages I have endeavoured to get labour at the cheapest price that I honestly could" (p. 133). Mr. Rigby says that his idea of a fair wage is what the employer, on looking at the man, chooses to give him for his work (p. 289). These statements apply to all wages, including the wages paid to those men whom the applicant chooses to call "improvers" in the list. The truth seems to be that there are two classes of improvers. One is a class of fully trained men, men of average proficiency at the least, who are put off with petty increases of wage, perhaps 1d. or 2d. a day, when they ought to be getting the journeyman's standard. The other class consists of men not fully trained—men who have not been properly taught—men who usually have not been apprenticed by indenture—but who have been employed at sundry operations of the trade without being instructed in all its branches. I gather from the evidence a tendency on the part of the employer to pick out the easiest part of an artisan's work, and to give it to lads or younger men to do, paying them less wages than the standard; and to confine the standard wage to those who do the more difficult parts. This monotonous application to the easier work is by no means conducive to efficiency in the trade, although it tends to speed in the operations. The employees of the latter class are, of course, conscious of being below the journeyman's standard, and they have to accept almost anything that the employer

offers. The existence of this class is a standing menace to industrial order and industrial peace, as well as a hindrance to industrial efficiency. As one witness said (p. 423): "Employers will take on the slightly inferior tradesmen if they ask for a little less than the standard wage, and the result is that the efficient tradesman has often to walk about. . . . Unless the efficient tradesman cuts his rates, the imperfectly trained men are taken on. . . . We journeymen have to go without work months and months because we cannot get a journeyman's wage." It is this body of half-trained men, hanging on to the skirts of a trade, that is used for the purpose of pulling down the wages of men fully trained. On this irregular force of industrial inefficients an employer can always rely for temporary assistance in industrial crises. It is not my function, however, to urge the importance, from every point of view, of proper training, and the necessity for obligations of a definite character and for a definite term between master and apprentice. But as to the men in the former class of "improvers," of course I refuse to declare that the conditions as to remuneration are fair and reasonable; and as to the unfortunate men in the latter class, I am utterly unable to include them in my Excise Standard. I can fix no rate for them; for they defy definition—they defy classification. There is no limit as to age, or as to experience, for an improver, and there are no satisfactory means for settling capacity. It may be fair and reasonable to pay one man 6d. a day; and fair and reasonable to pay another 9s. a day. But it by no means follows that, because improvers are not mentioned in my standard, an employer who has improvers cannot get a declaration under the Act, such as will exempt him from Excise duties. I have no power to say that improvers shall not be employed. But the Excise Standard will be no guide to the employer. He must take his risk and the burden of proving that what he gives to each of his improvers is fair and reasonable remuneration. I have not overlooked the consideration that an employer who

wants to make sure of exemption from Excise may have considerable inducement to get rid of men who do not come within the classification in the Excise Standard, and may, in some cases, dismiss his half-trained "improvers." If we were to regard only the efficiency of the trade and the general good, this result would probably be desirable. If a job is open, and if there is not enough work to go round, it is better, for many reasons, that the fully trained man should have the job. But to mitigate, as far as possible, any hardship which might result to the class referred to, by reason of any sudden change, I propose, in my schedule, to sanction a continuance, for two years, of the practice of paying lower wages to men under twenty-five, but not less than five-eighths of a journeyman's wage for the first year, and three-fourths for the second year. As the Excise Standard is subject to alteration, I may add that if any means can hereafter be suggested for settling the standard for men in a trade who are neither apprentices nor journeymen, I shall gladly consider it. The difficulty seems to lie in the attitude so commonly taken by employers that they will allow no interference in their business, and that they will take no dictation as to the value of an employee's services, and especially from a union. But this very Act, whether rightly or wrongly, steps in between the employer and his employee and ignores this dogma of the employer, so far as human labour is concerned. None can know so well the value of a man's work as the men of his own trade; and if the employer and the appropriate union concur in fixing the man's wage at a rate below the standard, one could be tolerably certain that the reduction is justified.

Having regard to what I have said of "improvers," I need not speak at length of what the applicant calls—and some others call—"unbound apprentices." This is another fruitful seed-ground for incompetent artisans—a reservoir from which "improvers" are drawn. Mr Geo. McKay told me that he required quarterly reports from the foremen as to these lads. This report system was not

begun till last September. These lads are discharged, if the employer does not want them, at the end of the busy season. They have neither constancy of employment nor systematic training. If my Excise Standard should have the incidental effect of securing proper indentures for these lads I shall not regret it. I have taken my scale for apprentices (bound apprentices) from the determination of the Wages Board for ironmoulders. The wages for boys not apprenticed I have taken from the Victorian Railways.

In most cases my standard of wages is higher than the applicant's—as necessarily followed when once I had settled a higher standard for unskilled labourers. As will be seen from my preceding remarks, I have generally solid precedents for my standard in the actual practice of experienced employers in great undertakings; and sometimes precedents in awards and Wages Board determinations. In cases where I had not the benefit of such guidance, I have freely availed myself of the applicant's own practice, as to the proportion which he maintains between the labourer's wage and that of the several classes of artisans. I make use of his practice as a kind of check or regulator of my conclusions. For instance, the applicant's labourer's wage is 6s., and the wage of his sheet-iron workers is 8s. Having fixed the labourer's wage at 7s., I put the wage of the sheet-iron worker at 9s., on the strength of a New Zealand award and such other materials as are before me; and I feel more confidence when I find that I keep nearly the same proportions as the applicant. The ratio of wages paid by an employer is a tolerably safe guide as to the relative merits of the two classes, although the absolute amounts may be too low. There is therefore nothing violent or fanciful in my standard. I do not regard it as my duty to fix a high wage, but a fair and reasonable wage; not a wage that is merely enough to keep body and soul together, but something between these two extremes. Having settled the minimum remuneration

which I regard as fair and reasonable for the several classes of employees mentioned in the schedule, I may safely leave the men of special skill or special qualifications to obtain such additional remuneration as they can by agreement with the employer. As I am not an expert in the trades, or any of them, I cannot attempt to appreciate the nice points of distinction in the higher ranks of labour. I have dealt only with men of average proficiency.

I hope that I do not exceed my duty in adding that, if it were in my power to give a certificate of exemption to this applicant, on his undertaking to pay wages according to the Excise Standard in the future, I should gladly do so. I regard the applicant's undertaking as a marvel of enterprise, energy, and pluck. I understand that without any training in any mechanical trade, or in finance or in factory organisation, this gentleman, the son of a farmer, seeing what farmers required, has invented successful machines, has produced them in great numbers, has established and manages a huge factory with numerous and complicated handicrafts, and has sold his machines, not only throughout Australia, but also—in competition with the world—in the Argentine, in Chili, and elsewhere. The factory bears every sign of business-like management, of devices for economy in labour, of devices for keeping employees at high pressure. The work is minutely subdivided; the pace of the men is increased by "repetition" work; and all the latest labour-saving appliances are adopted. All these economies are, of course, legitimate, so far as the Excise Tariff is concerned. The employer can displace men by introducing machinery as he chooses. He can make the work as monotonous and as mind-stupefying as he thinks to be for his advantage. He has an absolute power of choice of men and of dismissal. He is allowed—if my view of the Act is correct—to make any profits that he can, and they are not subject to investigation. But when he comes, in the course of his economies, to economise at the

expense of human life, when his economy involves the withholding from his employees of reasonable remuneration, or reasonable conditions of human existence, then, as I understand the Act, Parliament insists on the payment of Excise duty. The applicant seems to me to have fallen, most naturally, into the practice of not spending more in the payment of his employees than is sufficient to induce them to work for him. Most naturally, as he buys his raw materials, his iron, and his wood in the cheapest market, he in many cases pays no more to the workmen than the price at which they can be got. There is no evidence that he is a bad or an unfeeling employer. His mode of dealing with his employees is reasonable from an employer's point of view, as a purchaser of labour as a commodity. He followed, as to ironmoulders, the determination of the Ironmoulders' Wages Board as soon as the Factories Act was extended to Braybrook; and, as to the other numerous trades in his factory, he followed his own judgment and the state of the labour market; for there was nothing else to guide him. These other trades were unregulated, unprotected, and, as was only to be expected, the needs of the workers, by their weight and urgency, have depressed the scale of wages—have made the standard for journeymen too low, and have caused even that standard to be denied to many who are entitled to it. But when I am asked to say, not that his conduct, but that his conditions as to remuneration are reasonable, within the meaning of the Act, I have to refuse to do so. I have no alternative. I cannot exempt from Excise duties, as the current phraseology implies. The Act does that. I have been asked, gravely, to say that a manufacturer's wages are fair and reasonable, if he acted fairly and reasonably in paying low wages because there has been no standard to guide him. But it cannot be too clearly understood that I cannot declare wages to be fair and reasonable because the manufacturer is fair and reasonable. If I were to do so, and declare that a wage of 5s. a day is "fair and reasonable" (under the

circumstances), the Customs would have to act on my declaration until it has been altered. I have to put my foot down upon the unreasonable wage at some time; and the proper time is now, when it is submitted to me. I am glad to find, however, that this is no parasitic industry—that it is not an industry that cannot exist except at the expense of the employees, by drawing the life-blood from them. It is a healthy, flourishing industry, based on the great demands made by the great staple industry of agriculture. The applicant does not pretend that he is unable to pay fair and reasonable wages, whatever they may be found to be; and the effect of my decision will probably be merely that he must elect between paying wages according to the Excise Standard and paying the Excise duties.

I shall declare that so far as the applicant is concerned the conditions as to remuneration of labour appearing in the schedule called "The Excise Tariff Standard for Time-work" are fair and reasonable for the purposes of the Excise Tariff 1906, and that the conditions appearing in list A submitted to me by the applicant are not fair and reasonable in so far as they fall below that standard. And the applicant, or any one or more of his employees (not being less than one-twentieth of the total number of the employees), or any union or other association of workers in any of the trades or occupations referred to in the standard, may apply for any alteration of or addition to the standard as occasion may require.

The standard is confined to time-work rates. Nearly all the applicants' wages are based on time; but there is a little piece-work. I have not, however, as yet been supplied with information sufficient to enable me to draw up a piece-work standard; and the standard will protect a manufacturer only so far as his time-workers are concerned.

As I understand the Act, a manufacturer, if he has time-workers only, will be able to get exemption from the duties by merely producing to the Customs authorities

the standard (it will be a schedule to the order made on his application), and then satisfying the Customs that the goods in question have been manufactured under the conditions set forth in the standard.

SCHEDULE

THE EXCISE TARIFF STANDARD FOR TIME-WORK

The following conditions as to remuneration of Labour are declared to be fair and reasonable, for the purposes of the Excise Tariff 1906, for persons employed on time-work in the manufactures referred to in the Act, if (except as provided in Part X. with regard to lorry-drivers and carters) their hours of work do not exceed eight hours per day, or $8\frac{3}{4}$ hours on five days in the week and $4\frac{1}{4}$ on the sixth day, or if (except as aforesaid) there be some other similar distribution of hours adopted for the purpose of securing a weekly half-holiday on the basis of an eight hours' day.

The Standard remains until altered.

	Rate	
	s.	*d.*
Part I.—		
Labourers, unskilled (including furnacemen's labourers and lorry-drivers and carters)	7	0
Labourers, skilled (including pullers-out)	7	6
Part II.—Ironworkers (journeymen)—		
Strikers	7	6
Dressers	7	6
Drillers	7	6
Ironbenders	8	0
Malleable-iron annealers	8	0
Belt cutters	8	0
Furnacemen	9	0
Sheet-iron workers	9	0
Machinists, iron (other than fitters and turners, and including grinders)	9	0
Fitters	10	0
Turners	10	0

	Rate s.	d.
Part II.—Ironworkers (journeymen)—*continued*—		
Moulders (including coremakers)	10	0
Blacksmiths	10	0
Part III.—Woodworkers and Painters (journeymen)—		
Machinists, wood (excepting those working shaping machines or Boult's carver or boring or morticing machine or cross-cut saw)	9	6
Men working shaping machine or Boult's carver	10	8
Men working boring or morticing machine or cross-cut saw	8	0
Carpenters (including timber marker)	10	0
Wheelwrights	10	0
Pattern-makers	11	0
Painters—brush hands	9	0
Painters—writers and liners	10	0
Part IV.—Sundry (journeymen)—		
Timber yardsmen	8	0
Engine-drivers driving 1st class engines	9	2
Engine-drivers driving 2nd class engines	8	0
Engine-drivers, with other work	10	0
Part V.—Apprentices—	Rate per week.	
1st year	8	0
2nd year	12	0
3rd year	16	0
4th year	20	0
5th year	24	0
6th year (if any)	30	0
7th year (if any)	36	0
Part VI.—Boys (not apprenticed)—	Per day.	
Under fifteen	2	0
15 to 16	2	6
16 to 17	3	0
17 to 18	3	6
18 to 19	4	0
19 to 20	5	0
20 to 21	6	0

Part VII.—Young Journeymen—

Class A

Rate : not less than two-thirds of the minimum prescribed for journeymen.

Class B

Rate : not less for the first year than five-eighths and for the second than three-fourths of the minimum prescribed for journeymen.

Part VIII.—Exception to Parts I. to VII.—

Any old, slow, or infirm worker licensed to work at a lower rate (*a*) by the Registrar of the Commonwealth Court of Conciliation and Arbitration, or (*b*) under section 99 of the Factories and Shops Act 1905 (No. 2) of Victoria (or any substitution therefor), if the licence be approved by the said Registrar.

Part IX.—Overtime—

At the rate of time and a quarter for two hours, time and a half for the next two hours, and double time afterwards.

Double time on Sundays and Christmas Day, New Year's Day, Good Friday, and eight hours' day.

Overtime to be reckoned separately for each day from the usual time for beginning or ceasing work, and without regard to any time off on other days.

Part X.—Definitions

The time expended by lorry-drivers and carters before or after the usual time for beginning or ceasing work, in feeding and attending to their horses, is not to be regarded as overtime.

"Journeyman" means any person doing any of the work of an artisan as an employee, not being an apprentice or a young journeyman.

"Apprentice" means (*a*) any person under twenty-one years bound by indenture for a term of years (not less than five or more than seven) to learn the trade of an artisan ; (*b*) any person who, on the 1st November 1907, was bound as an apprentice by indenture for a term, and who has attained or will attain the age of twenty-one years before the expiry of his term; (*c*) any

person under twenty-five years who, on the 1st November 1907, was learning any trade as an unbound apprentice, and who has not had in the whole more than five years' experience in the trade, and who becomes forthwith a bound apprentice for the balance of the five years.

"Young journeyman" means—class (*a*) any person who has served his time as apprentice, and who has not had more than one year's subsequent experience. Class (*b*) (for a period of two years only from the first of November 1907) any person under twenty-five and not being an apprentice who on that date was doing any of the work of an artisan in the manufacture of any of the articles referred to in the schedule to the Excise Tariff 1906.

APPENDIX G

Second Session, 1907

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

NEW PROTECTION—EXPLANATORY MEMORANDUM IN REGARD TO

(*The Prime Minister*—Mr. A. DEAKIN)

Presented by Command; ordered by the House to be printed, December 13, 1907.

1. PROTECTIVE duties were originally imposed in order, among other things, to promote regular employment, to furnish security for the investment of capital in new as well as existing industries, to render stable the conditions of Labour, and to prevent the standard of living of the employees in these industries from being depressed to the level of foreign standards. Australian rates of pay have hitherto been fixed by the bargaining of employer and employees, except where the State has intervened, by means of Wages Boards and Arbitration Courts. The standards of these tribunals appear to have been determined on the basis of a minimum wage.

2. The aim of the proposals about to be outlined is more ambitious. The "old" Protection contented itself with making good wages possible. The "new" Protection seeks to make them actual. It aims at, according to the manufacturer, that degree of exemption from unfair outside competition which will enable him to pay fair and reason-

able wages without inpairing the maintenance and extension of his industry, or its capacity to suppy the local market. It does not stop here. Having put the manufacturer in a position to pay good wages, it goes on to assure the public that he does pay them. This of course involves a careful adjustment of the duties to the double purpose they are intended to serve. For that reason the proposals for the "new" Protection include the establishment of permanent machinery for investigating and ascertaining whether the duties are really effective for these purposes. If they are, fair and reasonable wages must be paid. If they are not, the alternative is to alter the duties.

3. It has been objected that the term "fair and reasonable," as applied to wages, is too vague to be put into an Act of Parliament, and that some definition is required from the Legislature of the meaning to be attached to the words. As they stand they express the intention of Parliament clearly though generally, and it is not imperative to attempt a complete definition of them in the Statute. The difficulty lies not in their interpretation, but in their application. Hence it has been deemed best to leave these words to be interpreted, whenever necessary, by a well-informed and impartial tribunal, possessing the fullest opportunity for investigation and consideration before it arrives at a decision, and also of varying that decision should occasion require.

4. It need hardly be said that in framing proposals of this character, and providing for their appropriate application, we require to take into account the vast area, the sparse settlement, and the great distances characteristic of Australia; as well as the complexity of the industrial conditions upon which the proposals are to operate. One of the chief difficulties arises out of the fact that the manufacturing establishments of Australia include a large number of workshops, small in themselves, but engaged in a variety of operations, only some of which affect the goods which will come under the proposed duties. The policy will have to be carried out under the most diverse conditions,

and must in the first instance be applied with circumspection; but the general ideal aimed at implies a minimum of official interference and control with a maximum of adaptability to the circumstances of each business. This ideal, of course, involves the utmost simplicity and elasticity in all the necessary procedure.

5. The method by which it is intended to secure the payment of fair and reasonable wages is, as already indicated, an exercise of the taxing power. Excise duties will be imposed on certain classes of goods, which enjoy the benefit of a sufficient protection, and an exemption from the duties so imposed will then be made in favour of those in the manufacture of which fair and reasonable wages are paid. In this way, wherever effective protection is granted, its benefits will be limited to those manufacturers whose employees are allowed to share in them to this extent.

6. The first requirement is obviously to provide machinery for the determination of the question what are fair and reasonable rates of wages. The authority to make this determination will be a tribunal, to be known as the Board of Trade, consisting of three members. These will be placed in a position of judicial independence. They will be appointed for a fixed period. They will be paid adequate salaries, and will be placed entirely out of the reach of party influence. The important and far-reaching nature of their functions will, it is thought, fully justify conferring upon them this degree of independence.

7. This Board will be clothed with all the powers that are necessary to enable it to discharge its difficult and important functions. It will be empowered to perform its duties in any place, and at any time, that may be convenient, and the procedure in all matters before it will be made as simple and inexpensive as is possible.

8. The varying conditions of Australia make it improbable that any single scale of wages, which would be fair and reasonable in every instance, and under every

condition, throughout the Commonwealth could be determined for any industry. The Board will, therefore, be empowered to appoint, without regard for State Divisions, industrial districts, within which a certain scale shall be regarded as fair and reasonable. In this way there will ultimately be declared, as soon as possible after the Bill is passed, for every industry affected by the proposals, and in every part of Australia, definite rates of remuneration which must be complied with in order to secure exemption from the Excise duties.

9. The scale of wages which is to be regarded as "fair and reasonable," having been ascertained and published, manufacturers will then be in a position to decide whether or not they will adopt it. If they wish to do so, they will at once register their factories as exempt, and accept the responsibility of paying the rates fixed. Registration will virtually amount to a definite undertaking to pay those rates, and anything in the nature of fraud or misstatement in this connection will expose the offender to penalties. In this way, exemption can be secured with the minimum of expense and delay. To facilitate it as much as possible, provision will be made to enable registration to be effected in the industrial district in which the factory is situated. The exemption, it may be mentioned, will be granted in respect of the factory in which the goods are produced, so that all goods manufactured in a factory which has been registered as exempt will be *ipso facto* free from Excise. These provisions will only apply to places in which four or more persons other than the family of the manufacturer are employed.

10. Possibly even the district scale of "fair and reasonable" wages first determined may not remain permanently satisfactory. The cost of living and other conditions may change, and the Board will, therefore, be empowered to amend the standard as occasion may require. It will also have power to alter the limits of any industrial district, so as to secure that uniformity of rates shall only prevail, and shall always prevail, so far as possible,

over areas in which there is uniformity of economic conditions.

11. The Board will also be in a position to determine, with some degree of precision, the question whether the measure of protection given to any particular industry by existing rates of duty is sufficient for the purposes that were referred to in paragraph 2 of this memorandum. Part of its duty will, therefore, be to report to the Minister on this question, and thus to afford to Parliament an opportunity of revising the scale of import duties on any class of goods, where they are proved to have fallen short of the necessities of the case.

12. The chief difficulty is, perhaps, to devise a simple, inexpensive, and, at the same time, effective method of securing the continuous observance of fair and reasonable conditions in exempt factories. It is estimated that there are some thousands of factories in Australia which will come under this scheme. It will be readily recognised, therefore, that reliance cannot be exclusively placed on official inspection, though the Board and its authorised officers will have access, at any time, to all books and documents which contain any relevant particulars, with due safeguards against the disclosure of confidential information. The powers of the Board, in this regard, will be similar to those of the United States Inter-State Commission. In the second place, the employees in every exempt factory will be kept informed by the posting in some conspicuous place in the factory of the schedule of wages which the Board has declared to be fair and reasonable, and power given to any person or association to inform the Board of any departure from the standards. In the third place, every exempt manufacturer will be required to furnish, at regular intervals, a declaration of compliance with the requirements of the schedule. Any wilful misstatement in this declaration will be visited with punishment. Continued misconduct will expose a manufacturer to the risk of losing altogether his right to manufacture under exempt conditions.

It is hoped that these three sets of provisions will together amply secure the maintenance of fair and reasonable conditions in all exempt factories.

13. Further security for the maintenance of the standard wage will be afforded by the requirement that all goods manufactured in exempt factories shall bear either an exempt stamp or the Commonwealth Trade Mark. The presence of these marks on any goods will be *prima facie* evidence that the conditions of exemption have been complied with, and will thus enable purchasers to distinguish between goods which have been produced under standard conditions and those which have not.

14. The burden imposed upon the Board under this Act will obviously be heavy, although there is no reason to suppose that when the system has been once placed in working order it will be unduly heavy. Provision will, however, be made at once for relieving the Board of a good deal of detail work, and for gaining the advantage of intimate local knowledge, by empowering the Board to delegate the duty of inquiring into any matter within its cognisance to local tribunals, such as Police Magistrates or State industrial authorities. If the co-operation of the States Governments can be obtained for this purpose, there is no doubt that the control of industrial conditions throughout the Commonwealth can be made very much less expensive, more effective, and more uniform than it is at present. Although extensive powers of delegating its function of inquiry will be given to the Board, it is intended, in order to preserve uniformity, that the authoritative administration of the system shall be carefully retained in its hands.

15. It is implied in what has been already said, that if any manufacturer fails to obtain exemption for his factory, or if the exemption is revoked, all goods produced in that factory will be subject to Excise, and all the provisions of the Excise Act of 1901 will apply to the goods and to the factory in which they are produced. It will, of

course, be open to any manufacturer to manufacture under those conditions if he desires to do so.

16. So far, reference has been made only to that aspect of the proposals which is concerned with the protection of the manufacturer on the one hand, and the employees on the other. An essential part of the completed scheme, however, is the protection of the consumer by the establishment of machinery to prevent the undue inflation of prices. It is enough to say here that the Board will be charged with the duty of investigating the prices charged by protected manufacturers, and, if these are found to be unreasonable, of reporting that fact to the Minister. The Minister will then be empowered, with the assent of Parliament, to take appropriate action.

17. These proposals, to some extent, cover the ground that is already occupied by legislation in some of the States. Every exercise of power by the Commonwealth, in matters in which Commonwealth and States have concurrent authority, must be subject to this condition. The co-operation of the States Governments is most desirable in every aspect; but the Commonwealth cannot ignore its obligation, so far as the Constitution allows, to secure equitable and uniform industrial conditions in all the industries which come within the range of its fiscal legislation.

18. The proposals for requiring the maintenance of fair and reasonable conditions in protected industries, are simply a corollary to the power of imposing protective duties. To restrict the powers of the Commonwealth to the mere imposition of these duties, while the conditions under which the manufacture of protected articles is carried on differ so widely in the different States, would be to permit inequality, discrimination, and discord. The ideal of the Constitution is equality and uniformity in all national matters. With that end it prohibits the imposition of taxation in such a way as to discriminate between States or parts of States. The ideal can hardly be realised if uniformity of protection is coupled with wide diversity

in the conditions of manufacture. Effective and useful as State industrial laws have in many cases proved, their operation is circumscribed by State boundaries, and it can hardly be claimed for them that they either do or can secure uniformity in the conditions of manufacture throughout Australia. No authority but the Commonwealth Parliament can do this, and the attempt to do it, in the way that has been outlined, is in fullest harmony with the Federal aims and character of the Constitution.

[NOTE.—The whole of these proposals have been declared unconstitutional. (See Judgment of High Court, below.) The Commonwealth Label, really another term for "The Trade Union Label," as mentioned in sect. 13 of this Memorandum, has also been declared unconstitutional. It may be further noted that on June 28, 1901, Mr. Higgins, then member for Northern Melbourne, moved :— "That in the opinion of this House it is expedient for the Parliament of the Commonwealth to acquire (if the State Parliaments see fit to grant it under sect. 51, sub-sect. 37, of the Constitution Act) full power to make laws for Australia as to wages and hours and conditions of labour" (see *Hansard*, June 28, 1901). The Prime Minister (Mr. Barton) suggested that the word "accept" be used instead of "acquire." Mr. Higgins agreed. *In this form the motion passed both Houses without dissent.* It is evident that the difference between this motion and the concluding sentence of the above Memorandum is "deep as a well and wide as a church door." Mr. Manger, M.H.R. (Melbourne Ports) moved again a similar resolution, August 2, 1906 (see *Hansard*, p. 225).]

APPENDIX H

HARVESTER EXCISE CASES

On Appeal to the High Court of Australia from the Judgment of Mr. Justice Higgins

(*Delivered June* 8, 1908)

(*See Appendix F for Judgment of Mr. Justice Higgins*)

The Chief-Justice (Sir Samuel Griffith) said: The question for decision in these two cases is, shortly, whether the Act No. 16 of 1906, intituled "An Act Relating to Duties of Excise," and having for its short title the "Excise Tariff 1906," is a valid exercise of the legislative powers of the Commonwealth Parliament. The second section of the Act is as follows:—

Duties of excise shall, on and from the first day of January 1907, be imposed on the dutiable goods specified in the schedule:

Provided that the Act shall not apply to goods manufactured by any person in any part of the Commonwealth under conditions as to remuneration of labour which

(*a*) Are declared by resolution of both Houses of Parliament to be fair and reasonable; or

(*b*) Are in accordance with an industrial award of the Commonwealth Conciliation and Arbitration Act 1904; or

(*c*) Are in accordance with the terms of an industrial agreement filed under the Commonwealth Conciliation and Arbitration Act 1904; or

(*d*) Are, on an application made for the purpose to the president of the Commonwealth Court of Conciliation and Arbitration, declared to be fair and reasonable by him or by a judge of the Supreme Court of a State or any person or persons who compose a State industrial authority to whom he may refer the matter.

The goods specified in the schedule are agricultural implements of different sorts, and the duty imposed is in some cases at fixed rates, and in others at *ad valorem* rates. Barger's case is an action for penalties for manufacturing excisable goods, viz. agricultural implements of the kind described in the schedule, without a licence, as required by the Excise Act 1901, section 35. The formal question in this case is whether the goods are excisable goods. McKay's case is an action to recover the fixed duties in respect of similar goods manufactured by him, and as to which he is not entitled to the benefit of the proviso.

The defendants in both cases object that, notwithstanding the title and phraseology of the Act, it is, in substance, not an exercise of the power of taxation conferred on the Parliament by the Constitution, but an attempt to regulate the internal trade and industry of the States, which, it is said, is not within the powers of the Parliament, but is reserved to the States. They also contend that, even if the Act is an exercise of the power of taxation, it is void, because it authorises discrimination between States and parts of States.

The question for decision is entirely one of construction. Whether it is in the best interests of the Commonwealth that the Federal Parliament should have the powers contended for, or whether those interests would be best furthered by the exercise of the powers reserved to the States, are matters with which this Court has no concern. Our duty is to declare the law as we find it; not to make new law.

The Act in question does not impose the tax upon all goods of the specified classes, but only upon some of them.

Goods which are indistinguishable by any physical attributes are nevertheless differentiated, for the purpose of taxation, according as certain prescribed conditions of the remuneration of Labour have or have not been observed in their manufacture. Commenting upon this provision, the defendants contend that, if the Commonwealth can by the exercise of the power of taxation make the liability or non-liability to taxation conditional upon the observance of rules of conduct defined in the taxing Act, a complete power to regulate such conduct is in effect conferred. Thus the Commonwealth Parliament might impose a tax under the name of a licence fee upon all persons carrying on any specific trade or occupation, with a remission of the tax to all persons who carry it on in accordance with specified conditions, and the amount of the fee might be made so large as to be prohibitive, except on compliance with these conditions. The same result might be achieved by a poll tax, with similar remissions.

The defendants contend, in the first place, that, in determining whether a particular law is or is not within the power of the Parliament, regard must be had to the substance of the legislation rather than to its literal form. This proposition is supported by high authority, binding upon this Court. In the case of the Attorney-General for Quebec *v.* Queen Insurance Company (3 Appeal Cases, 1090), the validity of a statute of the province of Quebec was tested on this principle, and it was held that, although the statute in form purported to be an exercise of the power of direct taxation possessed by the provincial Legislature, it was in substance an attempted exercise of the power of indirect taxation, which was within the exclusive domain of the Dominion Legislature. In the case of Russell *v.* Regina (7 Appeal Cases, 829), which raised a similar question, it was said by the Judicial Committee that the true nature and character of the legislation in the particular instance under discussion must always be determined, in order to ascertain the class of subject to which it really belongs (pp. 839-840). In

the case of Peterswald *v.* Barkley (1 C.L.R. 497), this Court said :—

> In considering the validity of laws of this kind we must look at the substance and not the form. If the statute is good in substance, the Court will regard the substance and hold the law to be valid, whatever the form may be.

The converse proposition is equally true. The same rule is applied in the United States. In Guy *v.* Baltimore (100 U.S. 434), Harlan, J., delivering the judgment of the Supreme Court in a case in which the city of Baltimore, which had large powers of taxation, had attempted to impose certain taxation under the form of wharfage dues, said :—

> The city of Baltimore, if it chooses, can permit the public wharves, which it owns, to be used without charge. Under the authority of the State it may also exact wharfage fees, equally from all who use its improved wharves, provided such charges do not exceed what is a fair remuneration for the use of its property. But it cannot employ the property it thus holds for public use so as to hinder, obstruct, or burden interstate commerce in the interests of commerce wholly internal to that State. The fees which it exacts to that end, although denominated wharfage dues, cannot be regarded, in the sense of former decisions, as compensation merely for the use of the city's property, but as a mere expedient or device to accomplish by indirection, what the State could not accomplish by a direct tax, viz. build up its domestic commerce by means of unequal and oppressive burdens upon industry and business of other States.

The question for our consideration, then, is the nature of the power conferred upon the Commonwealth Parliament with respect to taxation, and whether the ambit of that power is circumscribed by any and what limits. For, within the ambit of its powers, the authority of the Commonwealth is plenary, supreme, and unchallengeable.

In examining the language of the Constitution, it is necessary to bear in mind the distinction between means

and ends; between the ends that can be attained by the legislative power and the means that can lawfully be adopted to attain those ends. It is not disputed that the effect of the Act now in question, if valid, is to enable the Commonwealth to exercise a large, though indirect, influence upon the conditions of Labour employed in the manufacture of agricultural implements in the several States.

The Attorney-General, continued the Chief-Justice, claimed that the Commonwealth should have this power, and very properly pointed out that, in many cases, the result of the exercise of the power of taxation is to bring about indirect consequences which are desired by the Legislature, and which could not practically, or could not so easily, be brought about by other means. The policy of protective tariffs rests upon this basis. The effect of a protective tariff may be to raise or lower prices, or to raise or lower rates of wages. In a federal State it may not be within the competence of the taxing authority to interfere directly with prices or wages, but the circumstance that a tax effects these matters indirectly is irrelevant to the question of competence to impose the tax. In other words, the circumstance that an indirect effect may be produced by the exercise of admitted power is irrelevant to the question whether the Legislature is competent to prescribe the same effect by a direct law.

An illustration of this doctrine is afforded by a comparison of the cases of the United States *v.* Dewitt (9 Wall. 41) and M'Cray *v.* United States (195 U.S. 59). In the former case, it was held that an Act of Congress, which made it a misdemeanour to mix for sale naphtha and illuminating oils, or to sell such a mixture or offer it for sale, or to sell or offer for sale petroleum containing certain inflammable oils, was invalid, as relating exclusively to the internal trade of the States. In the latter case an Act imposing a duty of excise upon goods adulterated in a specific manner was held valid, although the tax was not so large as to be in effect prohibitive of the adulteration. In that

case objection was also taken to various detailed provisions of the Act as relating to matters of State concern. But they were all provisions of such a nature as are common in Acts relating to the collection of internal revenue, being incidental to the prevention of evasions of the tax itself, and the objection was overruled.

Again, the motive which actuates the Legislature, and the ultimate end desired to be attained, are equally irrelevant. A statute is only a means to an end, and its validity depends upon whether the Legislature is, or is not, authorised to enact the particular provisions in question, entirely without regard to their ultimate indirect consequences.

The scheme of the Australian Constitution, like that of the United States of America, is to confer certain definite powers upon the Commonwealth, and to reserve to the States, whose powers before the establishment of the Commonwealth were plenary, all powers not expressly conferred upon the Commonwealth.

This is expressed by section 107 of the Constitution, which provides that—

> Every power of the Parliament of a colony which has become or becomes a State shall, unless it is by this Constitution exclusively vested in the Parliament of the Commonwealth or withdrawn from the Parliament of the State, continue as at the establishment of the Commonwealth or as at the admission or establishment of the State, as the case may be.

The corresponding provision of the American Constitution is—

> The powers not granted to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States respectively, or to the people.

Section 51 of the Australian Constitution provides that—

> The Parliament shall, subject to this Constitution, have power to make laws for the peace, order, and good government of the Commonwealth with respect to :—

II. Taxation ; but so as not to discriminate between State or parts of States.

The corresponding part of the Constitution of the United States is—

To levy and collect taxes, duties, imposts, and excises, but all duties, imposts, and excises shall be uniform throughout the United States (Art. I. sec. 8, sub-section 1).

The first question that arises at this point is, What is the meaning of the word "taxation" as used in the Constitution, an instrument which became law in 1900. It is possible that since that time the word may have been used in Australia in a wider or more limited sense, but whatever it meant in 1900 it must mean so long as the Constitution exists, so far as regards the nature and extent of the power conferred on the Parliament with respect to it.

The primary meaning of "taxation" is raising money for the purposes of government by means of contributions from individual persons.

Taxation differs from exaction in that the obligation to contribute depends upon prescribed differentiations as to the persons from whom or the things in respect of which the contribution is to be made. The power to tax necessarily involves the power to select the subjects of taxation. In the case of things the differentiation or selection is, in practice, usually made by reference to objective facts or attributes of the subject matter, so that all persons or things possessing those attributes are liable to the tax. The circumstance that goods come from abroad, or from a particular country, or that particular processes or persons have been employed in their production, or that they possess certain ingredients, are instances of attributes which have been chosen for the purpose of differentiation. In a State possessing plenary powers of legislation any condition whatever may be imposed as a basis of selection for taxation purposes, and it is immaterial whether the differentiation should properly be regarded as an exercise of the power of taxation or of some other power.

But where the competency of Parliament is limited, as in a federal statute, to specific matters, it is material and, indeed, necessary to inquire whether an attempted exercise of the power of legislation falls within some one or more of the enumerated powers. In the present case the only relevant power is that of taxation.

The grant of the power of taxation is a separate and independent grant. This is the accepted law in the United States. In interpreting the grant it must be considered not only with reference to other separate and independent grants, such as the power that regulates external and interstate trade and commerce, but also with reference to the powers reserved to the States.

It was not contested in argument that regulation of the conditions of Labour is a matter relating to the internal affairs of the States, and is, therefore, reserved to the States and denied to the Commonwealth, except so far as it can be brought within one of the 39 powers enumerated in section 51.

In some instances, when it was intended to allow the Parliament to regulate the domestic affairs of the States, the power was conferred by express words. See, for instance, part XII., currency, coinage, and legal tender; XIII., the incorporation of banks, and the issue of paper money; XV., weights and measures; XVI., bills of exchange and promissory notes; XVII., bankruptcy and insolvency; XX., foreign corporations, and trading or financial companies formed within the limits of the Commonwealth.

We are thus led to the conclusion that the power of taxation, whatever it may include, was intended to be something entirely distinct from a power to directly regulate the domestic affairs of the States, which was denied to the Parliament. The fact that taxation may produce indirect consequences was fully recognised by the framers of the Constitution. They recognised, moreover, that those consequences would not, in the nature of things, be uniform throughout the vast area of the Commonwealth, extending

over 32 parallels of latitude and 40 degrees of longitude. The varying conditions of climate—tropical, sub-tropical, and temperate—and of locality—near or at great distances from the seaboard—make an effectual discrimination for many purposes between the several portions of the Commonwealth.

Lest, however, the Parliament should desire to bring about equality in the incidence of the burden of taxation, or what has been called an equality of sacrifice, by discriminating between such different portions, they were expressly prohibited from doing so. The words of par. II., "Taxation; but so as not to discriminate between States or parts of States," recognise the fact that Nature has already discriminated, and prescribe that no attempt shall be made to alter the effect of the natural discrimination. So in par. III., "Bounties on the production or export of goods, but so that such bounties shall be uniform throughout the Commonwealth," the Parliament is precluded from attempting to equalise the conditions which Nature has made unequal. Again, by section 88, it is provided that "uniform duties of Customs" shall be imposed within two years. The inequality of the indirect effect of Customs duties in different parts of the Commonwealth is obvious to all persons acquainted with its conditions, but any attempt to correct this inequality is forbidden. This is well illustrated by the case of the Colonial Sugar Company *v.* Irving (1906, A.C. 360), which related to the Excise duty imposed on all sugar in respect of which Customs duty had not been already paid. It was objected by the appellants that the Act offended against the prohibition of discrimination, because in some States the rates of Customs duty on sugar had been higher than in others, from which it followed that the actual burden of the new Excise duty was unequal in its incidence. This contention was rejected by the Judicial Committee, who said that the discrimination, if any, was not effected by the Act imposing the Excise duty, but by the operation of the State laws previously existing. *E converso*, if the Excise duty had been made

to vary in inverse proportion to the Customs duties in the several States, so as to make the actual incidence of the burden practically equal, that would have been a violation of the rule of uniformity. The object of the provision is further shown by section 92, which provides that on the imposition of uniform duties of Customs, trade, commerce, and intercourse among the States shall be absolutely free.

It follows from what has been said that the power of taxation is subject to some limits. On the other hand, so long as the prescribed limits are not transgressed, the Parliament may select the persons or the things in respect of which the exercise of the power is to operate. It is contended for the Commonwealth that this power of selection is only limited by the express words of section 5, par. II., and section 88, and that the discrimination or selection may be made to depend upon any other condition whatever, including conditions relating to personal conduct or the regulation of domestic industrial conditions. The defendants contend, on the other hand, that the limitation of the power of selection is to be found, not only in the express words of section 51, par. II., and section 88, but also in other parts of the Constitution, so that the grant of the power of taxation, which, as already said, is an independent power, must be so construed as to be not inconsistent with the other provisions of that instrument. If this latter contention be rejected, it would follow that the power of taxation is an overriding power, which would enable the Parliament to invade any region of legislation, although it is impliedly forbidden to enter it, and this by the simple process of making liability to the taxation depend upon matters within those regions.

The defendants contend that the doctrine laid down by this Court in the case of d'Emden *v.* Pedder (1 C.L.R. 91), and applied in the Federated Railways Servants case (4 C.L.R. 488), to the case of attempted interference by the Commonwealth with functions reserved to the States, prohibits any interference, by means of the exercise of the power of taxation, with matters as to which direct inter-

ference is expressly or impliedly prohibited. The rule, however, applicable to the present case is different, but it is founded upon the same principles. The Constitution must be considered as a whole, and so as to give effect as far as possible to all its provisions. If two provisions are in apparent conflict a construction which will reconcile the conflict is to be preferred. If, then, it is found that to give a particular meaning to a word of indefinite, and possibly large, significance would be inconsistent with some definite and distinct prohibition to be found elsewhere, either in express words or by necessary implication, that meaning must be rejected. It follows that if the control of the internal affairs of the States is in any particular forbidden, either expressly or by necessary implication, the power of taxation cannot be exercised so as to operate as a distinct interference.

Prima facie, the selection of a particular class of goods for taxation by a method which makes the liability to taxation dependent upon conditions to be observed in the industry in which they are produced is as much an attempt to regulate these conditions as if the regulation were made by direct enactment.

The distinction has already been pointed out between the indirect effect of the imposition of taxes upon the importation or production of particular goods, which may be, in effect, prohibitive, and the direct regulation of the conditions of the production of goods.

We propose now to inquire what is the true nature and character of the Act before us. In this connection it will be convenient to inquire whether it is such an Act as could be passed by a State Legislature with regard to domestic matters. It is clear that the power to pass such an Act must be vested either in the Parliament or in the State Legislatures. If the tax is an Excise duty within the meaning of section 90, the power of Parliament is exclusive, and the State could not impose it.

The circumstance that the Act is called an Act relating to excise, a subject matter within the exclusive powers

of the Commonwealth, is no more material than the circumstance that in the Quebec case the tax was called a licence tax.

It will be relevant at this point to consider the meaning of the term "excise," as used in the Constitution. In the case of Peterswald *v.* Bartley already quoted, the Court fully examined the question, and, after pointing out that in England the word had of late years come to have a widely extended interpretation, said :—

> With respect to the Australian use of the term, we are entitled to take notice of the sense in which it has been understood and used in the legislation of the various States. We know that in some of them there were in existence for many years "duties of excise," properly so-called, imposed upon beer, spirits, and tobacco. There were other charges, which were never spoken of as Excise duties, such as fees for publicans' licences and for various other businesses, such as slaughtermen's, auctioneers', and so forth; but these were not commonly understood in Australia as included under the head of excise duties. Bearing in mind that the Constitution was framed in Australia by Australians and for the use of the Australian people, and that the word "excise" had a distinct meaning in the popular mind, and that there were in the States many laws in force dealing with the subject; and that when used in the Constitution it is used in connection with the words "on goods produced or manufactured in the States," the conclusion is almost inevitable that whenever it is used it is intended to mean a duty analogous to a Customs duty imposed upon goods either in relation to quality or value when produced or manufactured, and not in the sense of a direct tax or personal tax.

This is not conclusive of the question whether the tax imposed by the Act now in question is an Excise duty, but it is very relevant to the question of the real character of the Act.

Now, it is clearly within the competence of a State Legislature to regulate the conditions of Labour employed in the manufacture of agricultural implements. It is equally clear that a State Legislature, having prescribed

such conditions, could impose a pecuniary burden upon every one who did not conform to them, and that the payment might be made proportionate to the number of articles produced. Yet, if such payment were a duty of excise, the State could not impose it, for the power of the Parliament to impose duties of excise is exclusive.

Such an Act might be framed in several different ways. It might be prescribed that certain conditions as to the remuneration of Labour should be observed in the manufacture, and that any manufacturer who failed to comply should be liable to a penalty of so much for every article manufactured. Or without formally prescribing any such condition, it might provide that any manufacturer who did not observe certain conditions should be liable to a penalty of so much per article. Or it might, instead of using the word penalty, say that the manufacturer who did not comply with certain conditions should be bound to pay a licence fee, the amount of which should be computed at so much for every article manufactured. Or it might provide that every manufacturer should, at his option, either comply with certain prescribed conditions or pay to the State Treasurer a sum computed, etc., and in default should be liable to a penalty, etc. Or, finally, it might provide that any manufacturer who did not comply with certain specified conditions should pay a tax at a specified rate. In all the cases supposed the substance would be the same, though the form would be different. And in every case the substance would be a regulation of the conditions of labour in the industry in question.

Attention has already been drawn to the immateriality, as far as regards the validity of the Act, of the motives or indirect results in contemplation of the Legislature. The professed purpose of an Act is generally stated in its title. In any of the cases supposed, the purpose of the Act, apparent on its face, whatever attempt might be made to disguise it in the title, would be, not to raise money for the purposes of Government, but to regulate the

conditions of Labour. From this point of view an inquiry into the purpose of an Act is not an inquiry into the motives of the Legislature, but into the substance of the legislation. And for the purpose of determining whether an attempted exercise of legislative power is warranted by the Constitution, regard must be had to substance—to things and not to mere words.

In this connection reference may be made to the case of Rossi *v.* Edinburgh Corporation (1905, A.C. 21). In that case the question arose upon a local Act, by which it was provided that any person who should use a house, etc., other than an hotel, for the sale of ice-cream without having obtained a licence from the magistrates, who were "hereby empowered to grant the same" for the house, etc., should be liable to a penalty. The magistrates granted conditional licences, the conditions, which related to days and hours of trading, being embodied in the licences. It was held by the House of Lords that they had no power to do so. Lord Halsbury said :—

My Lords, the question here may be reduced to a very short point—namely, whether the civic authorities have power to make these regulations which are complained of, because in substance they are regulations, though they are contained in the form of a licence which they issue, and which involves the power to make a regulation. Whether it is called a regulation or a by-law, it is a legislative power which in my view the Legislature has not confided to them. My Lords, it is idle to say that a great many of these things, as has been urged in the arguments which have been addressed to your lordships, would be very desirable for the sake, it is said, of public order. . . . I do not know what the evil aimed at was. I can give, therefore, no general view of what is the intention and purpose of the statute. I can only look at the statute itself and construe it, and when I construe the statute I find there is in the statute itself a plain prohibition in respect to certain things. The magistrates, of course, are not only empowered, but bound to give effect to legislation which has been passed ; but when it is argued that because they are given the power to restrict, within certain hours, the sale of ice-cream, therefore

they have implied power to do all that might be desirable or expedient with reference to the times and circumstances under which ice-creams should be sold, it seems to me that the argument entirely fails. What is sought to be done, whether directly by by-laws or indirectly by the language of the licence that is issued, is something that can only be done by the Legislature. It is a restraint of a common right which all His Majesty's subjects have—the right to open their shops and sell what they please, subject to legislative restriction ; and if there be no legislative restriction which is appropriate to the particular thing in dispute, it seems to me that it would be a very serious inroad upon the liberty of the subject if it could be supposed that a mere single restriction which the Legislature has imposed could be enlarged and applied to things and circumstances other than that which the Legislature has contemplated.

So, to adopt the language of the learned Lord Chancellor, when it is argued that because the Commonwealth Parliament has here given to it the power to tax manufactures, therefore they have power to do all that might be desirable or expedient, with regard to the times and circumstances under which a manufacture should be carried on, it seems to me that the argument entirely fails. What is sought to be done, whether directly by a statute or indirectly by the conditions attached to the taxation, is something that can only be done by the competent Legislature—that is, in this instance, the State Legislature. This case also supplies an answer to the argument that such conditions are not in substance a regulation of the manufacture.

It is, however, suggested that, so regarded, the regulation is not in the nature of a law, since the concept of law imports that the Legislature can and does visit its displeasure upon those who disobey its commands, or fail to comply with its wishes. The visitation is called the "sanction" of the law. If the mode in which the displeasure is visited is by imposition of a pecuniary liability, it cannot be material whether that liability is enforceable in one Court as a debt, or in another Court under the name of penalty. The sanction is the same in substance, and

equally effectual in either case. If this were not so the Commonwealth Parliament might assume and exercise complete control over every act of every person in the Commonwealth by the simple method of imposing a pecuniary liability on every one who did not conform to specified rules of action, and calling that obligation a tax, not a penalty.

In our opinion the exclusive power of Parliament to impose duties of excise cannot be construed as depriving the States of the exclusive power to make such enactments as we have suggested above. The substantial nature and character of the legislation is the same, whether it is passed by one Legislature or the other. It follows that such an Act would not be in substance an Act imposing duties of excise within the meaning of section 90 of the Constitution. If, then, the Act in question is not, in substance, an Act imposing duties of excise, what is it? We think that it is an Act to regulate the conditions of manufacture of agricultural implements, and not an exercise of the power of taxation conferred by the Constitution.

A further argument was founded upon section 55, which provides that "laws imposing taxation shall deal only with the imposition of taxation, and any provision therein dealing with any other matter shall be of no effect." This provision seems to indicate that the word "taxation" was used in its ordinary sense, and not in a sense which would authorise the dealing with matters that would ordinarily be dealt with in a separate Act. Such matters were to be dealt with by separate laws, as to which the competency of Parliament could be examined and determined upon independent grounds. The proviso in the Act in question cannot, of course, be regarded as "of no effect," for to do so would be "to make a new law—not to enforce an old one" (U.S. *v.* Reese, 92 U.S. 216). But since other provisions are forbidden to be inserted in a law imposing taxation, it follows that if such provisions are inserted, and if by rejecting them the Act would have an operation

inconsistent with the expressed intention of the Legislature, the whole Act would fail to effect.

The foregoing arguments lead to the conclusions :—

1. That the Act in question is not in substance an exercise of the power of taxation conferred upon the Commonwealth Parliament by the Constitution.
2. That, even if it were within the competence of that Parliament to deal with the conditions of Labour, the Act would be invalid, as being in contravention of section 55.
3. That even if the term "taxation," uncontrolled by any context, were capable of including the indirect regulation of the internal affairs of a State by means of taxation, its meaning in the Constitution is limited by the implied prohibition against direct interference with matters reserved exclusively to the States.

We pass to the objection that the Act, if otherwise valid, is invalid on the ground that it discriminates between States and parts of States. In this connection section 99 of the Constitution should be read. It provides that :—

> The Commonwealth shall not, by any law or regulation of trade, commerce, or revenue, give preference to one State or any part thereof over another State or any part thereof.

Attention has already been drawn to the provisions requiring Customs duties to be uniform, and to the physical conditions of Australia, which make effective discrimination in many respects between different parts of it. The words "States or parts of States" must be read as synonymous with "parts of the Commonwealth," or "different localities within the Commonwealth." The existing limits of the States are arbitrary, and it would be a strange thing if the Commonwealth Parliament could discriminate in a taxing Act between one locality and another, merely because such localities were not coterminous with the States or with parts of the same State.

The proviso to section 2 of the Act in question exempts

from taxation goods which are manufactured by any person in any part of the Commonwealth, under certain conditions, as to the remuneration of Labour. These conditions are divided into four categories—*a*, *b*, *c*, *d*.

The first (*a*) is such conditions as—

> Are by resolution of both Houses of Parliament declared to be fair and reasonable.

If the Act stopped at this point, then, if a resolution were passed, and if by it identical conditions were made applicable to the whole Commonwealth, no objection could be made on the ground of forbidden discrimination. The improbability of Parliament ever passing a resolution declaring identical conditions to be fair and reasonable throughout the Commonwealth need not be considered.

The second category (*b*) is such conditions as—

> Are in accordance with an industrial award under the Commonwealth Conciliation and Arbitration Act 1904.

In order to ascertain the effect of this provision, it is necessary to refer to the Act. Section 38 expressly provides that in the case of a common rule made to give effect to an award the Court may direct—

> With due regard to local circumstances, within what limits of area, if any, and subject to what conditions and exceptions, the common rule so declared shall be binding upon the persons engaged in the industry, whether as employers or employees, and whether members of an organisation or not.

It follows, then, that if such an award as contemplated came into operation, the conditions of exemption from taxation, under the Act now in question, might vary according to the area within which the manufacture was carried on. The same observations apply to the third category (*c*), which is such conditions as—

> Are in accordance with the terms of an industrial agreement filed under the Commonwealth Conciliation and Arbitration Act 1904.

Such an agreement must, necessarily, operate beyond the limits of any one State, and the conditions imposed by it may vary in different States or different areas within a State. The fourth category (*d*) is such conditions as :—

> Are, on an application made for the purpose to the President of the Commonwealth Court of Conciliation and Arbitration, declared to be fair and reasonable by him, or by a judge of the Supreme Court of a State, or by any person or persons who compose a State industrial authority, to whom he may refer the matter.

In this case there may be as many different sets of conditions as there are judges and State industrial authorities in the Commonwealth, for there is no obligation upon them to come to a uniform decision as to the conditions reasonable in the States in which they exercise their authority.

It is abundantly clear from these provisions that the Legislature not only purported to authorise the prescribing of conditions reasonable, according to the circumstances of locality, but intended and, indeed, prescribed that discrimination according to locality might be made. Any other rule would be manifestly unjust. Yet this is the very thing which, so far as regards liability to taxation, is prohibited by the words under consideration. It was suggested that though the Act thus authorises discrimination between States and parts of States, it does not itself discriminate, since, it is said, the conditions actually prescribed, or any or all of the specified authorities might, in fact, be identical throughout the Commonwealth. The Legislature may in some cases delegate the power of fixing the incidence of taxation (Apollo Candle Company *v.* Powell, 10 A.C. 282), but it would be a strange thing to hold that, while it cannot itself discriminate between localities, it can, by delegation, confer power to make such discrimination.

If different rates had been fixed by the divers authorities, or by the same authority as to different

localities, what would be the conditions to be observed by a manufacturer? Might he claim the benefit of the lowest rate of wages fixed for the time being in any part of the Commonwealth? If so, every authority would, in effect, have power to overrule the decisions of every other authority. It is not conceivable that such a result was intended. It is clear that Parliament cannot by delegation do that which it is forbidden to do directly.

It follows that, if there were no other objection to the Act in question, it would be invalid as transgressing the provisions of section 51 (ii.) and section 99 of the Constitution.

It was suggested that any condition which is obnoxious to the prohibition against discrimination may be rejected and the others retained, but this would be to make the incidence of the tax depend upon conditions different from those prescribed by Parliament—"to make a new law, not to enforce the old one."

For these reasons we are of opinion that the Act in question was not authorised by the Constitution, and that the defendants in both cases are entitled to judgment.

DISSENTING JUDGMENTS

Mr. Justice Isaacs

Mr. Justice Isaacs said: The way the Act operates is clear. Assume 100 implements made in any part of Australia, and ranged side by side, they are all made liable to duty except those which have come into existence in the prescribed way. Apart from legal intricacies, such an enactment would be instantly recognised, according to the ordinary view of British precedence, as a taxation Act. I do not think I can better approach this momentous question than by adopting the observations of the Supreme Court of the United States in 1898. "The power to tax is the one great power upon which the whole national fabric is based. It is as necessary to the existence and prosperity of a nation as is the air he breathes to the natural man. It is

not only the power to destroy, but the power also to keep alive." The power is conferred by one word, "taxation" —a word so plain and comprehensive that it would be difficult to devise anything to surpass it in simplicity and amplitude. The words of limitation immediately coupled with it, "but so as not to discriminate between States and parts of States," demonstrate that, so far as all else is concerned, the power is otherwise unlimited. The main question here is whether the Act is taxation. A distinction is sought to be established between "taxation" and "taxation within the meaning of the Constitution." But I lay aside as unmeaning any such distinction. It was argued that where the discrimination is based upon conduct within the power of the State to regulate, and not expressly given to the federation, it is beyond the power of the Federal Parliament. On what words in the Constitution is such a construction based? Learned counsel were unable to point to a syllable or a phrase which supported their interpretation, nor is any such to be found. We search in vain for any declaration that the grant of power is subject to the powers reserved, for that would be either meaningless or would nullify the grant. The Commonwealth's powers are given definitely, and without further reservations than those expressly stated, the powers not granted or withdrawn remain with the States.

When, as here, the Supreme Court of the United States, in 1824, was invited to apply a strict construction to the American Constitution, counsel presented the disastrous consequences to the States of the opposite course. "To give full play to the language of the Constitution," it was then picturesquely urged, "makes a wreck of State legislation, leaving only a few standing ruins that mark the extent of the desolation." The argument was at once rejected—time has proved the prophecy untrue. The ample construction has not destroyed the States or stayed their development, but it has made the nation possible. There can be no derogations from the grant of power expressly stated. It is an inherent consequence of the

division of powers between governmental authorities, that neither authority is to hamper or impede the other in the exercise of their respective powers themselves—it assumes the delimitation *aliunde*. It is contrary to reason to shorten the expressly granted powers by the undefined residuum. As well might the precedent gift in a will be limited by first assuming the extent of the ultimate residue.

The States cannot control the constitutional prohibitions or the constitutional grants, still less can they prevent the exercise of federal powers by the Parliament. There is no limitation to the powers of Parliament except those expressly enacted. If the power be exercised, it may be exercised at the will of Parliament as fully and effectually as if it were the legislation of a single State. For purposes of federal taxation, whether Customs or other taxation, Australia is one indivisible country. Among the multitude of decisions in America, not one has been, or could be, produced which places on the taxing power the limitation which the defendants contend for.

In face of overwhelming authority, the defendants contend that as taxation embarrassed a manufacturer in the manner of carrying on his business, it is not taxation. It is not surely asking too much of those who so contend to adduce at least one instance where a court has so held in the face of an affirmative word of such unambiguous import. Incidentally it was suggested that the Act was not within the scope of the taxing power, because it was, on inspection, not enacted for public purposes. But as the declared purpose is to augment the Commonwealth Treasury, that is obviously unsound. Every argument that has been presented by the defendants to invalidate the Excise Tariff Act is answered by reference to what has been done under the Constitution of the United States by Congress and the Courts. All the possibilities of the central power usurping the function of Parliament, if once its taxation power were permitted to be used for the general welfare of the nation, exist in precisely the same

way in America; and yet they are but chimerical, and Congress has not abstained from exercising its powers, and much more amply, directly, and extensively than anything that is contained in the Excise Act.

My learned colleagues have seen their way to arrive at a conclusion which places the Act outside the pale of the Commonwealth power. They hold that in substance the Excise Act is not a taxing Act, but purely an Act regulating intra-state manufacture. This view, it appears to me, can only be arrived at in opposition to the language of the Act itself. The material words are "duties and excise shall be imposed upon the dutiable goods specified in the schedule" at certain rates, and provided that the Act shall not apply to goods manufactured under specified conditions. I am deeply conscious of the weight of the judgments with which I have the misfortune to disagree, but with the utmost deference I am of opinion that none of the cases cited justify nor support any such principle. If it be doubted whether the tax as a tax is really upon the goods, though for the purpose of securing fair conditions of Labour, an easy test is at hand.

Assume first the proviso deleted. The Act then stands as a clear and unmistakable tax on all the machinery specified. Now assume the proviso to operate. It exempts some machines and allows the others to remain as before. How can it be said that the article is not taxed because the Legislature for its own reasons chose to differentiate between it and another article which has come into existence under different circumstances. If substance is the main thing, why, in the absence of express restriction, apply a different rule of validity according as the Legislature put it into one document or two?

The true test as to whether our Act is a taxing Act is this: Is the money demanded as a contribution to revenue, irrespective of any legality or illegality in the circumstances upon which liability depends, or is it claimed solely as a penalty for an unlawful act or omission? It is not sufficient to say the effect is the same. It may even be

the very purpose of the federal taxing authority to drive the taxed object out of existence, but as the power to tax includes the power "to embarrass or to destroy," neither the purpose nor the effect is an objection to the exercise of the power. The Excise Tariff Act in no way commands or prohibits any course of action by the manufacturer, and in no way makes the payment of unreasonable wages unlawful, and consequently there is in law no regulation and no penalty.

Up to this point I have looked at this question solely from the Commonwealth power. But how does it look from the standpoint of the State power?

As the power to pass such an Act must reside somewhere, I agree with my learned colleagues, it follows the States must possess it. But the States are forbidden to pass Acts imposing Excise duties. Nevertheless, since this Act is held not to be equivalent to excise, the States have an obviously easy task to break through the prohibition. They may, with the utmost facility and safety, if this decision be adhered to in its integrity, disorganise and destroy at will the most carefully framed fiscal arrangements of the Commonwealth. They may take this Act as their model—actually say on the face of their enactments that they impose duty of excise on spirits, tobacco, woollens, machinery, and all other articles manufactured or produced in Australia, and by merely inserting by way of proviso some conditions of Labour, exempting persons in compliance therewith, safely rely on this decision to maintain an Act as a State Regulation Act, and not in substance an Excise duty. The Commonwealth Parliament's exclusive authority to regulate Excise, and even Customs, becomes merely nominal; uniformity in these branches of taxation is impossible, and effective federal control disappears. To those who have hitherto thought that the Australian Constitution was at least as rational as the American Constitution, this will come as a revelation.

For nearly a century and a quarter the Supreme Court of the United States has acted upon the opposite doctrine,

and consistently repressed all action on the part of the States, even where otherwise fully authorised by their Constitutions if that action in any way amounted to interference with federal exclusive power, such as Excise duties are. The unlimited character of federal power, once it attaches to a subject, is strikingly exemplified in the most recent of the great constitutional decisions of the American Supreme Court. If the defendants' argument is correct, the American Courts should have held that to descend into the contractual relations of employer and employee is departing from the subject placed under federal control. A distinction may be attempted to be established between commerce power and taxing power, but there is none in this respect. Each is plenary, subject only to the prescribed limitations.

If the power to regulate interstate commerce includes power to regulate it in respect of conditions of Labour connected with it, even to the extent of limiting the number of hours per day, why does not the power to tax manufactures, among other things, include the power to tax manufactured articles in respect of the conditions of Labour connected with them, and by which they are brought into existence? The Labour of the employees is as much an inseparable part of the manufactured article as the iron and steel in it; and at least as much so as in the case of transporting the same articles from the factory to another State. To accept the defendants' arguments appears to do violence to the plain words of the Constitution, and to recede altogether from the accepted notions of federal powers in America. This I cannot see my way to do, and accordingly rest my judgment on this branch of the case on the clear principles of the plenary powers of the Parliament as plenary as in a single Government, subject only to express limitations with respect to every subject enumerated in the grant. No other principle can, to my mind, satisfy the conception of the great document. It is our duty to interpret so as to enable the national Legislature to fulfil with confidence or advantage the

responsible functions for which it has been created. On the first branch of the case, I am therefore of opinion that the defendants have failed.

The second ground for invalidating the statute is that it offends against the express limitation, in sub-section 2 of section 51, "but so as not to discriminate between States and parts of States." In connection with this sub-section it is necessary to read section 99, "the Commonwealth shall not, by any law or regulation of trade, commerce, or revenue, give preference to one State or any part thereof over another State or any part thereof." The corresponding provisions in the American Constitution are: "All duties, imports, and excise shall be uniform throughout the United States, and no preference shall be given to any regulation of commerce or revenue to the ports of one State over those of another." It was decided in America in 1884, "that the uniformity referred to in the American Constitution meant geographical uniformity, and not intrinsic uniformity, of the tax." In other words, a tax was uniform if it operated with the same force and effect in every place where the subject of it was found. This decision was reaffirmed in May 1900, when the Court added: "The preference clause of the Constitution and the uniformity clause were in effect, in framing the Constitution, treated, as respected their operation, as one and the same thing, and embodied the same conception." It is clear, therefore, that if the American uniformity clauses had been adopted in Australia, every taxation Act must have operated with exactly the same force and effect on the same articles, whether in Tasmania or at the Gulf of Carpentaria, and although the tax was nominally uniform, might have pressed much more severely on the taxpayer in one place than in the other.

But the clause was not adopted. The word "uniform" is used in connection with Customs duties, and the separate use of that expression, coupled with the marked change of language in the words of the limitation of section 51 (11), naturally lead to the belief that there was an intentional

departure from the American rule of uniformity. The word taxation confers power on a national Parliament, a power to be exercised over all persons, things, and circumstances, without regard to the existence of separate States. It would have been a simple and natural method, if the adoption of the American rule of geographical uniformity were desired, to have inserted in this Constitution the words of its prototype, or to have forbidden discrimination between any parts of the Commonwealth. But "States and parts of States" are referred to, and that expression more naturally lends itself to the assumption that the prohibition to the Federal Parliament was against differentiating in its measures of taxation between States and parts of States because they were particular States or parts of States. Considerable light is thrown upon this question by another leading American case, decided in 1855, when it was said by the Court, "It was a mistake to assume that Congress was forbidden to give a preference to a port in one State over a port in another." A port in one State might be made a port of entry by Congress, which might at the same time refuse to make another port in another State a port of entry. The Court added, "The truth seems to be that what is forbidden is not discrimination between individual ports within the same by different States, but discrimination between States, and if so, in order to bring this case within the prohibition, it is necessary to show, not merely discrimination between Pittsburg (which is in Pennsylvania) and Wheeling (which is in Virginia), but discrimination between the ports of Virginia and those of Pennsylvania. It is not necessary to determine whether the prohibition of the Constitution against discrimination is confined to discrimination between parts of different States, or whether it extends to discrimination between part of a State and the rest of it. If, for instance, discrimination were made in favour of one part of a State against the rest of it, the discrimination, though nominally between parts of the same State, might easily and materially benefit an adjoining State. This, I

say, may very possibly and reasonably be included within the prohibition. I have not to determine that finally now, but, in any case, the pervading idea is the preference of locality, merely because it is locality, and because it is a particular part of a particular State."

It does not include a differentiation based on other considerations, which are dependent on natural or business circumstances, and may operate with more or less force in different localities ; and there is nothing, in my opinion, to prevent the Australian Parliament, charged with the welfare of the people as a whole, from doing what every State in the Commonwealth has power to do for its own citizens —that is to say, from basing its taxation measures on considerations of fairness and justice, always observing the constitutional injunction not to prefer States or parts of States. This power may, of course, be abused ; but, as Lord Herschell said in Canada *v.* Ontario (1898), "The supreme legislative power in relation to any subject matter is always capable of abuse, but it is not to be assumed that it will be improperly used ; if it is, the only remedy is an appeal to those by whom the Legislature is elected." If, then, this be the true interpretation of the words of the limitation, there is an end of the second ground of objection, because no one can possibly object that there is in the Excise Act any discrimination for or against any part of Australia, merely because it is a particular State in contradistinction to any other State or States, or because it is a particular part of a State in contradistinction to any part of the same State, or to any other State.

But conceding, for the sake of argument, and contrary to my opinion, that the limitation extends to the case of an Act which discriminates between localities as parts of the Commonwealth, and as if, notwithstanding the words used, States were non-existent, still, how does this Act offend? Paragraphs *a* and *c* are clearly and beyond argument inoffensive. Paragraph *b* enables a manufacturer to claim exemption if the goods are manufactured under conditions of remuneration in accordance with an

industrial award under the Commonwealth Conciliation and Arbitration Act. It is said that the Arbitration Court may declare the award to apply to certain areas. In my opinion this contention ought not to prevail. Does the Arbitration Act show partiality for some localities as against other localities? I am astonished to hear that it does.

If it does it ought not to be difficult to point out the localities which it favours, or the States or parts of States for which it shows preference. It enables industrial disputes extending beyond the limits of a State to be settled by an award. The award determines the question in dispute, and in settling these, as, for instance, wages or hours of employees, the Court is not bound to examine separately and in detail the circumstances of every establishment in the industry involved in the dispute. But because one common rule binding the whole industry in Australia would probably work injustice, the Court is empowered to have regard to "local circumstances," not to the mere fact of locality, much less any particular locality, and so far as these circumstances are substantially similar, to make a common rule apply. The extent of the similar circumstances must necessarily be coincident with some area of territory, and it may coincide with State boundaries or confine only a small portion of a State. The area is merely a convenient label to indicate similar industrial circumstances. The Act applies the one rule to goods made "in any parts of the Commonwealth"—the one standard reasonableness, or if any variation of rule is possible it is a variation of the Court's idea of justice, and in no way determined by the mere fact of locality.

So far from finding in the Act partiality for any special localities, I discern the most absolute impartiality and absence of discrimination in favour of or against any particular locality. Discrimination between localities in the widest sense means that, because one man and his property are in one locality, then, regardless of any other circumstances, he or it is to be treated differently from

the man with a similar property in another locality. No such design or necessary result could be gathered from the Excise or Arbitration Acts. As well might the Act be said to discriminate between localities, because wages were in fact higher in one place than another, and a fixed duty, therefore, pressed harder on some manufacturers than on others. The Colonial Sugar Refining Company *v.* Irving (1906) is an authority against the defendants' contention. So here the fact that the rule operates unequally in different localities arises not from anything done by the Parliament, but from the inequality of existing industrial circumstances, which are merely recognised and given effect to by an award. I conclude that the Act is not open to the objection of illegal discrimination.

If, however, the proviso be with respect to any one of its paragraphs discriminating within the words of limitation, I agree that the whole Act is invalidated. To delete an exemption is to increase the area of taxation intended by Parliament, and as this could only be done by the Legislature it is not within the competency of this Court. This Act must stand or fall in its entirety. In the result the statute should, in my opinion, be sustained, and judgment entered for the plaintiffs. I wish to add, having regard to some observations that fell from me during the argument on the subject of bounties, that I recognise, in view of this decision, it may be argued that even a Bounty Act would fall within the prohibition of section 99. Of course, I express no opinion on the subject, but as a good deal was said during the progress of the case I wish, in view of the present decision, to guard myself against being thought to have any opinion one way or the other with respect to bounties.

Mr. Justice Higgins

Mr Justice Higgins said: The arguments in this case have taken many shapes, but there is really only one question—a question as to the limits of the power of the

Federal Parliament to "make laws with respect to taxation." If this Act is within the ambit of the power, and if it does not discriminate between States, or parts of States, the motives of the Parliament in passing the Act are immaterial, and the Act is valid. Nor do the consequences of the Act, whether direct or indirect, affect the validity of the Act. The weighing of motives, and of consequences, is for the Legislature, and for public opinion, not for the judiciary. So far we are on common ground.

No doubt this Act does tend to encourage employers who pay fair wages to their employees, and it was meant to do so. Therefore, with their limited experience of the working of a federal system, our first and superficial impressions must be adverse to the constitutionality of the Act. "This is," we say, "an attempt of the Federal Parliament to regulate wages. Wages are a matter for the State-Parliament only. Why should the Federal Parliament be meddling with what is not its business?" Yet in this short argument there are two misleading expressions. Every one agrees that if this Act regulates wages, in the sense of prescribing wages, commanding what wages shall be paid, making it illegal in any sense to pay other wages, the Act is to that extent void. But it is competent for the Federal Parliament to use any of its admitted powers in such a manner as to affect or influence the rate of wages, however materially.

The truth is, that where two law-making powers operate over the same territory and the same people, the laws of one authority must necessarily touch at every point the subjects committed to the other authority, and must frequently affect the conduct of persons with regard to those subjects. It is true that if the Federal Parliament can make its taxation depend on the scale of wages paid by an employer, it can make its taxation depend on other things—the length of each man's foot, his abstinence from tobacco or beer, the number of his children. It is idle to say that neither the Convention nor the British Parliament

intended such things. Of course it did not, but it intended that the Federal Parliament should be free to act as it thought best for the people of Australia. It did not intend that the Federal Parliament should move in leading strings. The mere fact, therefore, that the Federal Parliament lays down certain unusual conditions as to wages in a taxation Act does not make that Act void, provided that it does not purport to regulate wages in the sense of making a law a legislative command to pay wages. The second fallacy lurks in the statement that wages are a matter for the State Parliaments only. It is true that the Federal Parliament has no power to make laws prescribing wages. But, in the exercise of its admitted powers, the Federal Parliament may, indeed must, often touch wages incidentally, and if and so far as the federal law is within the admitted powers, it is valid, no matter what the State laws may say (Constitution, section 109). To say that the Federal Parliament cannot make a law because legislation on the subject belongs to the States is rather to invert the true position. The Commonwealth has certain powers, certain specific gifts, and as to those it is supreme; the State has the rest. What, then, is the extent of the power of taxation given to the Federal Parliament; how far may the power be applied? By section 51 of the Constitution the Federal Parliament has, *prima facie*, power to impose such conditions as to liability, or as to exemption, as it chooses. But the Constitution expressly forbids discrimination between States, or parts of States, and, according to the dictum of the High Court, the Federal Parliament has no power to tax State officers or State agencies. The fact that the limitation (as to discrimination) is expressed, excludes all limitations by implication. Let us examine the Act in question. There is a proviso that the Act, a taxing Act, is not to apply to goods manufactured under such conditions as to the remuneration of Labour as are sanctioned in any one of four methods. There is full power for the Federal Parliament, under the Constitution, to discriminate between persons, although not between States. Inasmuch as

Labour laws cannot be said to be ancillary to its taxing legislation in this case, the Federal Parliament cannot legislate on Labour so as to make that lawful which the States make unlawful, or to make unlawful what the State law makes lawful.

This very Act is part of a scheme of protection to manufacturers. Protection to some extent is given to all manufacturers, but it is given to a greater extent to those who pay fair wages. Manufactures are not the concern of the Commonwealth. Yet the power to protect by the tariff is admitted by all. Why should the Commonwealth Parliament be able to levy taxation, with a view to the benefit of manufacturers, and not with a view to the benefit of the employees? The Federal Parliament has power to discriminate between persons. If the Federal Parliament has power to tax, it can tax whom it chooses; it can exempt whom it chooses. If it is not a taxation Act it is nothing. Does the fact that there is a proviso for exemption, based on Labour conditions, make it other than a taxing Act. If it is once conceded that this is a taxation Act, the matter is really ended. For the Federal Parliament can tax and exempt whom it chooses; can prescribe such conditions of exemption, however absurd, as it chooses; and it does not matter, so far as regards the validity of the Act, what the legislators' motive may be, even if it be to encourage, or to discourage, people in acting in a certain way with regard to a subject reserved to the States.

The motives of the legislators are for their constituents to consider. The Courts have merely to determine what the Act does; what it enacts in substance, not in name; and whether it is within the power conferred by the Constitution. It is urged that the Federal Parliament has no power to regulate wages. This is true—with certain qualifications—if by "regulate" we mean to impose a command or obligation on employers to pay according to any scale of wages. In this sense of the word, no one can say that this Act "regulates" wages. If we mean that the

Federal Parliament cannot, by its legislation, affect wages —cannot in the exercise of its admitted powers impose obligations dependent on a wages standard, cannot discriminate in its taxation (for instance) between those who pay and those who do not pay fair wages—then there is no foundation for the statement. The Act does not conflict, and cannot conflict, with any State law prescribing wages. Under the State law the manufacturer may be commanded (under a Factories Act or an Arbitration Act) to pay 6s. a day. By paying 6s. he satisfies the law; but he also gets a remission of Excise duty if he pay 7s.

The Federal Parliament does not say, "You must pay fair wages." It says, "You will be rewarded by an exemption from Excise duty if you pay fair wages." If this Act were an Act prescribing wages, the manufacturer who does not comply with the standard of wages referred to in the Act would be breaking the law; whereas here the man who does not comply would not (assuming the Act to be valid) break the law any more than the man who does. Even punishment does not constitute a law. There must be a command, or something in the nature of a command. A tyrant may punish a messenger who brings bad news, but this is not for breach of any law. Moreover, it is a mistake to say that the term "sanction" in connection with laws can be applied to rewards as well as to punishments. As was clearly pointed out by Austin—

> Rewards are indisputably motives to comply with the wishes of others. But to talk of commands and duties as enforced by rewards, or to talk of rewards as obliging or constraining to obedience, is surely a wide departure from the established meaning of the terms.

In this case the manufacturer is rewarded for not making use of his right to act in a manner perfectly lawful, but not favoured by the Federal Parliament; and there is, after all is said and done, a difference between using a stick to a beast and offering him a bunch of

carrots. It may even be conceded that the suffering is the same in substance, whether we call it punishment or not. But if the municipal rates in Bathurst are higher than the municipal rates in Bendigo, it would be a mere rhetorical misuse of words to say that people are "punished" for living in Bathurst.

I understand that many of these harvesters are exported to the Argentine Republic. The Federal Parliament has at least as much power to affect wages in Australia as the Argentine Legislature, and if the latter passed an Act on the lines of this Act, and made it applicable to imported as well as to home-made implements, it would operate precisely in the same way as this Act; and yet it could not be regarded as a law regulating or prescribing wages in Australia. It would be simply a law settling the conditions under which revenue will be collected in the Argentine, although it might vitally affect this Australian industry.

This Act, then, does not regulate wages in the sense of imposing an obligation, of making a law, with regard to wages. It holds out a strong inducement to manufacturers to come within the class of those exempted from Excise duty by paying wages under some one of the four standards mentioned in the proviso. As has been said in the Supreme Court of the United States, in the converse case of a State Act which interfered with the operation of the federal law as to interstate and foreign commerce :—

> Legislation, in a great variety of ways, may affect commerce, and persons engaged in it, without constituting a regulation of it within the meaning of the Constitution.

If the contrary doctrine is to be adopted in Australia, the State Governments, although one of them supports the defendant McKay in his attack on the Commonwealth law, will be grievously crippled in their action. At present, under the United States doctrine, a state Legislature is treated as having power to exclude, in the interests of public health, goods coming from a diseased port. But

according to the defendant's argument this would be an invalid interference with the exclusive power of the Federal Parliament on the subject of foreign commerce, unless indeed the extreme view put for the defendant be accepted, that, because the State has such a police power, the Federal Parliament has no power at all to exclude such goods under its trade and commerce power. If the defendant is right, the State cannot, it seems,—unless the same extreme view be accepted—enact a valid licence law, or local option law, or prohibit the sale or manufacture of intoxicating liquors; for it would discourage importation, diminish the profits of the importers, and lessen the federal revenue. If the defendant is right, the State cannot give that encouragement to industries which it often has given—say to the growth of hemp, of oil plants, for the home production distinctly interferes with foreign commerce and Customs revenue. If the defendant is right, it is hard to see how the State can exclude pestilence to the body or mind, plague, cholera, or obscene pictures, lottery tickets, convicts, opium. If the defendant is right, his doctrine must be applied so as to make State laws invalid as well as to make federal laws invalid; and legislation of the State must be treated as void which affects people in their actions with regard to federal subjects by encouraging or discouraging them in a definite direction. If the defendant is right, how can a State Act for Sunday observance be supported if it check interstate commerce? If the defendant is right, there lies before us the prospect—agreeable, perhaps, to a limited class—of perpetual struggles, in which attempts will be made to treat State laws as invalid because they affect (incidentally, as in this case) federal subjects, and federal laws as invalid because they affect similarly State subjects; and the State Governments will find that the doctrine will react with baneful pressure on their own activities.

There is certainly no support for the defendant's doctrine in our Australian legislation since federation, and there is distinct authority against the defendants in

the United States and in Canada. Our Customs tariff contains exemptions in favour of the universities and hospitals, in favour of the blind and physically helpless. Yet these are the concern of the State; and if Parliament may, in its taxation, favour the physically helpless, why may it not favour the economically helpless—the day labourer? If the defendant is right, I cannot see how much of our white Australian legislation can be supported, or, indeed, any protective duty.

The American Constitution does not give Congress any concern in agriculture, yet from 1839 onwards Congress has been appropriating federal revenue in aid of State enterprise and institutions. Congress has exempted from Excise duties distillers who use home-grown materials. But the greatest instance of federal interference with a State subject is to be found in the levying of protective duties by Congress. The discussion on the subject was very prolonged and bitter, but the power of Congress is not now questioned. It is treated as resting, not only on the taxation power, but on the power to regulate foreign commerce. But why may the power to regulate foreign commerce be used so as to affect State subjects, if the power of taxation may not? How is protection of the employer by means of the commerce power right, if protection of the employee by means of the taxation power is wrong? In the United States the recognised position is that stated briefly by Mr. Black—that an Act of Congress "is not to be declared invalid merely because it has a purpose and design which ranks it as a police regulation."

The latest oleomargarine case is very instructive. There a federal Act is treated as valid which goes further than this Act in the direction of controlling or influencing men's actions with regard to a State subject. The purpose is (*inter alia*) to regulate manufacture and sale. The Act then imposes a tax on oleomargarine of 10 cents per lb., but if the article is free from artificial colouring, designed to make it look like butter, the tax is only $\frac{1}{4}$ cent per lb.

An action was brought for a penalty against a retail dealer, who had purchased for resale oleomargarine artificially coloured, and not stamped at the rate of 10 cents per lb. It was urged for him that the Act was an unwarranted interference with police powers—a usurpation of the State powers; that the Act was not for the purpose of raising revenue at all. The "bogey" argument was used, as it has been used in this case—the awful possibilities of legislation if Congress were treated as having such a power. But the Court held that the exercise by Congress of the power of taxation was unfettered (save so far as expressly excepted by the Constitution); that the motive or purpose of Congress was to be left out of consideration, and only the actual scope and effect of the Act were to be regarded; that the consequences alleged—the destruction of the industry—were nothing to the purpose.

There is indeed one point in which the oleomargarine case differs from the present; and it has been pressed on us for all that it is worth. The classification there was based on the inherent character, quality, or description of the subject matter. This is, of course, the most common basis of differentiation; but we have no right to import into the Constitution a qualification of the plenary power to make laws with respect to taxation by laying down that every differentiation must be made on this basis. In the United States, as well as in Australia, there are frequent cases of Congress classifying by facts other than the character, quality, or description of the article.

The rule in Canada is the same. The Supreme Court says:—

> This Court has in various instances held that the Federal Parliament, on the matters left under its control by section 91 of the British North America Act, must have a free and unfettered exercise of its powers, notwithstanding that by doing so some of the powers left under provincial control by section 92 of the Act might be interfered with.

I come now to the objection that by this Act Parliament discriminates between States or parts of States. It is to be observed that it is Parliament—that is to say, Acts of Parliament—that must not discriminate. Now, there is certainly nothing on the face of this Act which makes any such discrimination. There is not one rate of Excise for Queensland and another for Western Australia; nor is there one set of conditions of exemption for Tasmania and another for Victoria. Each manufacturer is to be treated on his own merits; and all the four bases for exemption are applicable to all manufacturers, wherever they are found in Australia. It is not prescribed in the Constitution that taxation must be uniform—uniform in any of its numerous senses. Every manufacturer is exempted from duty if his goods are manufactured under wage conditions, which (*a*) are declared fair and reasonable by both Houses of Parliament, or (*b*) are in accordance with an industrial award under the Conciliation Act 1904, or (*c*) are in accordance with an industrial agreement filed under that Act, or (*d*) are declared to be fair and reasonable by the President of the Arbitration Court (or his deputy). These alternative means for getting exemption are open to all manufacturers everywhere. It is true that there may have been an industrial award extended by common rule over a definite area of New South Wales or Victoria, and that this award probably could not be used by manufacturers in Western Australia. But Parliament does not discriminate between States when it applies the same rule to all the States, even if some of the means of exemption are not for the time being in fact applicable in all the States.

Parliament may not discriminate between States; but the facts may, and often must. In the case Colonial Sugar Co. *v.* Irving, 1906, the Commonwealth Excise Tariff 1902 allowed an exemption in the cases of goods on which Customs or Excise duty had been paid under State legislation before the imposition of the Commonwealth duties. In Queensland there had been no State

Excise duty, and it was urged on behalf of a sugar company manufacturing in Queensland that the Excise Tariff discriminated against Queensland manufacturers by making them pay Excise duties, while manufacturers in other States were exempted. But the argument was overruled :—

> The rule laid down by the Act is a general one, applicable to all the States, and the fact that it operates unequally in the several States arises, not from anything done by the Parliament, but from the inequality of the duties imposed by the States themselves.

I am inclined to think, with my brother Isaacs, that this Act does not authorise discrimination between States, or parts of States, in the sense of the Constitution.

But assume that it does authorise discrimination, that fact does not make the Act invalid. Discrimination between States, etc., is not a necessary result of the Act. When a power is created which, by its terms, allows a thing to be done, either in a lawful or in an unlawful way, the power is not unlawful ; but the exercise of the power will be valid or invalid according as it follows the lawful or the unlawful course. No one contends that Parliament may, by delegation, confer power to discriminate. The point is—the Court is not to assume that the unlawful course will be taken ; and, if it should be taken, the Act is not thereby rendered invalid. It is quite possible that there will be no industrial award, no industrial agreement, no resolution of both Houses applicable to these manufacturers, and, for aught that appears on this demurrer, the President will apply the same rigid standard to all the manufacturers in all the States. It is even possible for any industrial award, and any industrial agreement, and any resolution of Parliament, and the President, to adopt precisely the same standard. How, then, can it be said that Parliament, by this Act, makes any discrimination, directly or by delegation, between States or parts of States ? The truth is, that all the four authorities will

have to deal with each manufacturer on his merits, according to all the conditions of life and business in which he moves, and locality would be merely one of the facts influencing the conditions. It may be said that in the back blocks food and freights are dearer than on the coast, but rent and other expenses may be cheaper. Locality must affect conditions of life, but the discrimination is not based on locality.

I have not felt any difficulty with regard to section 55 of the Constitution. It is the corollary of sections 53 and 54. In my opinion this Act deals only with the imposition of taxation; it taxes, and it defines the persons to be exempted from the tax. This is all it does. There is no "provision therein dealing with the other matter." There is no obligation laid on any one to do anything except to pay the tax.

No argument has been addressed to us with regard to the severability of the proviso in this Act from the part imposing duties. I should not like, however, to be regarded as assenting to the defendants' view. The test, according to American cases, seems to be—is it clear that Parliament would not have imposed the duties even if it knew that it had not power to enact the proviso? If we are at liberty to conjecture, from what one sees in newspapers, one might be disposed to say "No" to this question. But if we are confined, on this demurrer, to an examination of the Act within its four corners, I can find no present ground for saying "No."

My opinion is that the Excise Tariff 1906 is not unconstitutional, and that the demurrer ought to be overruled. I should express this opinion without doubt or hesitation if I were dealing with this case as a single judge; but, of course, the contrary opinion of three of my colleagues must moderate my confidence. Even in the case of doubt, however, it is my duty to bear in mind the words of Chief-Justice Marshall, in the Dartmouth College case, "that in no doubtful case would it (the Court) pronounce a legislative Act to be unconstitutional," and also

the words of the same eminent judge in Gibbons *v.* Ogden :—

> Powerful and ingenious minds, taking as postulates that the powers expressly granted to the Government of the union are to be contracted by construction into the narrowest possible compass, and that the original powers of the States are retained, if any possible construction will retain them, may, by a course of well-digested, but refined and metaphysical reasoning, founded on these premises, explain away the Constitution of our country, and leave it a magnificent structure indeed to look at, but totally unfit for use. They may so entangle and perplex the understanding as to obscure principles which were before thought quite plain, and induce doubts where, if the mind were to pursue its own course, none could be perceived. In such a case, it is peculiarly necessary to recur to safe and fundamental principles.

Judgment in accordance with the rulings of Griffith, C.J., and Barton and O'Connor, J.J., was entered for the defendants.

APPENDIX I

NEW PROTECTION

(*Laid on the Table of the Senate, October* 28, 1908)

(*The Prime Minister*—Mr. DEAKIN)

MEMORANDUM RELATING TO THE PROPOSED AMENDMENT OF THE CONSTITUTION

WHEN Parliament was considering the Tariff it was clearly understood that the benefits to the industries affected were to be fairly shared between the manufacturer and worker.

A memorandum relating to the New Protection, circulated in December last, defined the policy intended to be pursued, and stated its grounds. These do not call for recapitulation.

Obviously freedom of trade within the Commonwealth opened the markets of Australia to the competition of all Australian manufacturers; but nevertheless the rates of wages in the several States for similar work vary, partly because of the different rates fixed by different State industrial tribunals, and partly in the absence of rates fixed by any such authority.

It was in order, under these conditions, to put employers and employees upon a fair footing, one with another throughout the whole of Australia, that the national power to protect employment was exercised on behalf of certain of our industries, which were safeguarded against an importation of goods produced under less

humane conditions than obtain here. The same national power was also employed in an attempt to ensure better conditions for wage-earners in protected industries, and, as a corollary, to equalise, as far as was necessary, the general conditions of manufacture throughout the Commonwealth.

As it was under the Commonwealth power of taxation that the manufacturer obtained the benefits of a Protective Tariff, the same power of taxation was sought to be exercised to give protection to his employees by means of an Excise Tariff. Excise duties were placed on certain classes of goods protected by Customs duties, and an exemption from the Excise was granted in favour of goods for the making of which fair and reasonable wages were paid. It has now been decided by the High Court that the Constitution does not warrant the duties of Excise thus imposed by the Parliament of the Commonwealth.

As the power to protect the manufacturer is national, it follows that unless the Parliament of the Commonwealth also acquires power to secure fair and reasonable conditions of employment to wage-earners, the policy of protection must remain incomplete.

The object of the proposed amendment of the Constitution will be to endow the Parliament of the Commonwealth with a grant of power to do economic justice in protected industries, with due regard to the unity of the Commonwealth and the diversity of local circumstances.

The electors will be invited to empower the Commonwealth to determine the employment and remuneration of Labour in protected industries in view of the protection granted to the manufacturer under the Commonwealth Tariff. In some industries the existing protection may enable the payment of fair and reasonable rates of wages. In other industries not sufficiently protected to enable the full standard of remuneration to be paid, the payment of at least a minimum wage can be required, pending the enactment of effective protection. Unprotected industries will not be affected.

The question whether an industry is a protected

industry will be left to the decision of the interstate Commission.

The amendment will enable Parliament to empower the interstate Commission to determine the various conditions affecting employees in protected industries.

Parliament will also be enabled to provide the necessary machinery for adjudication and administration, and in classes of cases in which Parliament thinks that the decision of the Commission ought to be subject to review, may establish an appellate tribunal, such as the Commonwealth Court of Conciliation and Arbitration.

In order to carry out these objects, it is proposed to insert new paragraphs in section 51 of the Constitution, so as to enable the Parliament to make laws for the peace, order, and good government of the Commonwealth with respect to—

"(xxxv. *a*) The employment and remuneration of Labour in any industry which, in the opinion of the interstate Commission, is protected by duties of Customs.

"(xxxv. *b*) The grant to the interstate Commission and its members of such powers of regulation, adjudication, and administration as the Parliament deems necessary for giving effect to any laws made in pursuance of the last preceding paragraph, subject to such review, if any as the Parliament prescribes."

[NOTE.—This was deemed so unsatisfactory that Mr. Fisher, the Socialist Leader, moved a vote of want of confidence, November 10, 1908, which was carried by 55 to 13 votes. Thereupon Mr. Deakin resigned.]

APPENDIX K

WORK AND WAGES

(From *Argus*)

The Slow Worker

At the Carlton Court on Friday, before Messrs. Sanders and Ievers, J.P.'s, William H. Watson, baker, 141 Neill Street, was proceeded against under the Shops and Factories Act for having allowed an employee to work more than sixty hours during the week ending June 13. Mr. A'Beckett appeared for the prosecution, and Mr. Currie for the defence.

Henry Picton, an elderly man, said: "I have been over a year in the employ of the defendant. My wages were 12s. 6d. a week and board. I was paid 3s. 6d. a week extra when I drove a cart and delivered bread. My hours of work on week-days were from a quarter-past 5 A.M. to 7 P.M., and on Sundays from 7 A.M. to 3 P.M. I did the stable work; Mr. Watson is a good master. I know I am slow. I could get off for an hour or two whenever I asked. I have sometimes employed a boy to help me, and I paid him for it."

Watson stated: "Picton was a slow worker, but I knew him to be thoroughly honest. I frequently helped him with his work. Whenever I have told him to hurry on with his work, as I did not want the people to think I was the cause of his being late, he would reply that it was none of their business, and that if I was satisfied he would do the work in his own time. He occasionally drove a

cart when a driver left me unexpectedly. The man before Picton got through the work smartly, and slept nearly half his time. I considered that I was doing a charitable act in employing Picton."

Mr. Sanders, J.P., said that the Act was very arbitrary in respect to the slow worker. The defendant employed the man out of charity, but they could not go behind the Act.

Watson was further charged with having neglected to give Picton a whole holiday on Wednesday, June 17, and with having, contrary to the Act, boarded Picton as part consideration of his wages. He pleaded guilty, and was fined 5s. in each of the three cases.

APPENDIX L

MR. ERNEST AVES' REPORT TO THE SECRETARY OF STATE FOR THE HOME DEPARTMENT—WAGES BOARDS AND INDUSTRIAL CONCILIATION AND ARBITRATION ACTS OF AUSTRALIA AND NEW ZEALAND.

WHILE this history was in preparation the above Report was presented to the Imperial Home Office. The history of the origin of this Report is identical in some respects with the history of the developments of Socialism in Australia and New Zealand. A Labour party had arisen in England; it had won some place and less influence in British politics. With the aid of avowed Socialists it succeeded at the last general elections in the United Kingdom in winning such a numerical accession of representation as entitled it to be reckoned with. The Socialists are not allies of the Liberal party, but (as yet) are opponents of the Conservatives. For party political purposes, they may be counted on in crucial divisions. These Socialistic allies were entitled at least to call on Liberalism in England to investigate the advanced industrial legislation of Australia. Liberalism in Australia had met and complied with the same demand. But the Labour party in England—as distinguished from the Socialists — is not yet convinced that the results in Australia justify such economic revolutions as find expression (often nothing more) in our Statute books. The Socialists could not demur to the reasonableness of the demand, that a careful, impartial, and competent investiga-

tion should be made. For that purpose Mr. Aves was commissioned. His Report was presented to the Rt. Hon. H. J. Gladstone on March 30, 1908. He had spent some nine months on his investigation work in Australia and New Zealand.

It will suffice to say that his Report exhibits the three essentials—care, competency, and impartiality. He has presented a complete, searching, and analytic investigation of Australian industrial legislature. Most previous efforts in this direction are mere observations. Mr. Aves has opened, very ably, the era of investigation.

The political aspects of so much of our history as is affected by industrial legislation can neither be discussed nor understood without reference to his Report.

How necessary it is that the historian should bring his work to bear on that of the economist, and *vice versa*, is strikingly shown by reference to the carefully compiled tables of statistics appearing in his Report, and especially to those on pages 32 to 37. These tables show the average wages paid in each year from 1896 to 1906 in all (Victorian) special Board Trades. Considered as mere figures the tables show a decided wage increase, in the great majority of cases, between the year 1896 and that of 1906. On this numerical result the Socialist appeals to the worker for continued support at the polls, and an extension of industrial legislation up to the logical result (as he contends) of nationalisation. But apart from the analysis and criticism of the historian, the tables, though accurate, are to some extent misleading. It is but fair to the author of the Report to say that he has often reminded his readers of the limiting considerations.

In 1893 a Parliamentary Board was appointed in Victoria to report on the practices of "sweating" and the alleged insanitary condition of factories and workrooms. From 1893 to 1895 much valuable evidence was given and published. In 1896 Wages Boards were appointed, under the operation of a Factory and Shops Act passed that year. The minimum wage principle was adopted for

two purposes—(*a*) to abolish "sweating," and (*b*) to force the greedy employer to adopt more humane conditions, and to safeguard the liberal one from the unfair competition of "cut wages" and their necessary evils. Now it must be remembered—as has been clearly shown here in Chapter VII.—that Australia had been sowing the seeds of financial paralysis between 1883 and 1893, and was stricken prostrate in 1893. The work of reconstruction fully occupied the people of Australia from 1893 to 1896, and every pound of profit was heavily mortgaged towards the work of compensation for losses and the renewal of public and private credit. Profit, in the ordinary sense of the term, was, for the period, unknown to the employer; employment at any cost became the supreme need of the employee. During this period, 1893 to 1896, employer and employee were "brothers in misfortune." Now it followed that, in 1896, when the first "determinations" of the Wages Boards were made, these should bear some close relation to and often be "standardised" on the necessitous rates paid by the best employers during the three preceding years. Hence the standards were bound to be tentative. It could have been safely assumed *a priori* that as the work of reconstruction became more and more complete, and as it might be aided by the operation of a succession of favourable seasons, the wage rate under legislative control would not only increase, but that there would follow, as cause and effect in no way related to or dependent on legislation, a marked difference between the wage rate prevailing in 1896 and that prevailing in 1906. Viewed from the historic side the facts are these: We were financially paralysed in 1893, had successfully emerged from it by 1896, and since then (with the exception of the years 1901 to 1903, which were years of severe droughts in New South Wales and Queensland) the seasons have been uniformly propitious to us, and in all parts of Australia during the past five years, 1903-1908, we have enjoyed their unprecedented bounties. That is to say, economic and physical conditions have been fighting on the

side of our industrial legislation. Both have synchronised. It is easy to govern a city in a state of siege. It is easy not to injure industries in years of plenty and in a land of abounding natural resources and of almost illimitable extent still awaiting settlement. Mr. Aves points this out, and rightly adds that the true test of the value of our industrial legislation has yet to be made, when we enter a cycle of depression. The tables referred to must never be severed from the record of our history during the period covered by them.

He sees and vividly appreciates this aspect of the problem. He concludes his Report with a number of luminous and profoundly suggestive paragraphs on pp. 124 and 125, from which, in illustration and emphasis of the analyses contained in his Report, space will enable me to quote only two. He says :—

> There seem to be at once great scope and need for the influence of fuller knowledge, of the wider publicity of conditions held to be to the common welfare, and of appeal to sentiment and sympathy, the whole to be combined with the power to impose the pressure of more exacting restrictions or obligations in proven cases of gross dereliction of social and industrial responsibilities. But the lesson of experience does not appear to carry us farther than this on the direct line of legal fixation of wages.

He approves of the moral, but distrusts, if not condemns, the economic, results.

To a large extent in this respect Mr. Aves agrees with the conclusion I have reached from the historical side. At any rate, from the point of view of one who takes the full political responsibility for his share in this work, it is now almost an evident conclusion that there is not sufficient warrant for the dogmatic assertion of the Australian Socialist, that industrial conditions limited by State control is a panacea everywhere for such of the Social evils as are attributable to the existence of the wage-earning system. On the other hand, it is equally clear that some benefits, rather moral than economic, have followed from

the popular sentiment, that the foundations of a State cannot be deemed satisfactory or secure when the condition of the wage-earner does not show some appreciable improvement with the general progress of civilisation. The Socialist would place the huge industrial pyramid on its apex. The Tory (for the want of a better term) would give the doctrine of *laissez-faire* unfettered operation. But though one cannot be sanguine as to Australian results, enough has been shown (Mr. Aves himself being an able and impartial witness) to say that Australian conditions at present still warrant some careful and tentative experiments on the line which may be the correct resultant between the arrant dogmatism of the ordinary Socialist and the doctrine of *laissez-faire*. This opinion is confirmed by the significant paragraph with which he concludes his Report. He says :—

> For various reasons, therefore, the evidence does not appear to justify the conclusion that it would be advantageous to make the recommendations of any special Boards that may be constituted in this country (*i.e.* Great Britain and Ireland) legally binding, or that, if this power were granted, it could, with regard to wages, be effectively exercised.

It is some though not a conclusive confirmation of much that is contained in this history that Mr. Aves, after his investigation of the form and operation of so much (and it is reckoned the best) of our industrial legislation as is embodied in our Wages Board system, feels compelled to enter an adverse verdict against its application to the United Kingdom. In a footnote to a preceding paragraph he indicates so much as enables us to understand why it is probable that some factors, which do not operate so strongly on Australian conditions, will inevitably operate under European conditions. The problem for us here is this : Can we so conserve present conditions here as to enable them continuously to favour us ? Be that as it may, he is clear that there is not sufficient evidence in his opinion to warrant the people of the United Kingdom following on our lines.

Though by no means an indictment on our legislation, it is not a comforting reflection to us, that what is alleged to be good for Australia is certainly not to be taken as good for Europe. Australians who are opposed to much if not all of this species of legislation, which is based on and applied through compulsion, are entitled to ask why Mr. Aves' conclusion does not apply equally well to us. But Mr. Aves has carefully guarded himself against such an embarrassing question if it be presented to him. He anticipates it, and in paragraphs whose reasoning is identical with much that appears throughout this work. He does not draw the distinction either for or against us. He states the facts operating in our favour. For example, he quotes the remark of a South Australian manufacturer: "The most astonishing thing about Australia is its wealth." Another remark by an Australian banker: "Australia is a frame without a picture," alluding to its sparse population concentrated in its capitals and seaboard centres. This feature is brought out prominently in these pages. He adds some significant paragraphs at pp. 7 and 8 of his Report. On this point he says:—

> But the remoteness of its geographical position, rather than the limited drawbacks of climate—and in some parts and in some respects Australia has one of the most superb climates in the world—are the chief reasons why Australia to-day has only 4,000,000 of people. . . . Pastoral products, exported with wool as the most important item, amounted to 28½ millions sterling in 1906; wheat and flour to more than £6,000,000; butter to nearly 3¾ millions sterling; timber to more than £1,000,000; gold to 14½ millions sterling; other metals and ores, 7¾ millions sterling. . . . The total exports were nearly £70,000,000; imports, nearly 45 millions sterling—a total sea trade of about £28 per head.

This aspect of conditions peculiar to ourselves and unparalleled elsewhere amongst such a handful of people has been dealt with fully in the chapters of this history dealing with our productiveness on the one hand, and our immigra-

tion restriction policy on the other. Mr. Aves does well to draw attention to it, since it has such a significant bearing on the problem confronting the United Kingdom. The Australian Socialist is seized of the same great fact. He knows the immense volume and value of our production. He sees that this enormous asset is shared amongst 4,000,000 of people. He reasons that if he increases the divisor, the quotient must decrease proportionately. Hence he desires so strongly to limit the divisor strictly to its natural increase. He does not see that economically what appears in one aspect as a divisor is, in another, a multiplier as well. In a community of 4,000,000, doing a trade worth £135,000,000, the wage market is certain to be elastic.

Close analysis of the statistical tables reveals fairly clear indications of what almost every economist admits to be the probable result of State compulsion in the matter of work and wages. That the minimum fixed tends to become the maximum earned is evidenced by the tables appearing at p. 49, which show that only 25 per cent to 35 per cent of the workers engaged in various trades earn amounts above the minimum. The statistics and the very elaborate analysis and comment on the problem of the slow, aged, and infirm worker again confirm the warnings that have been given. Trades Unions are the aristocracy of labour, and the minimum wage may become a legislative sanction, the maximum a privilege. In answer to inquiries Mr. Aves elicited opinions from employers and employees on this crucial point. Some small employers maintained that it favoured the larger firms ; some larger firms maintained the opposite view. Individual instances are cited, with evidence proving both conclusions. Nothing can be more convincing as showing the almost insuperable difficulty in the problem of an equitable adjustment between the conflicting claims of economy and humanity. It is difficult to record a verdict on the point, but none should be formed without a careful perusal and a still closer and wider investigation of the facts of the case as outlined in pp. 54 to 56 of the Report. One significant fact well worthy of

further investigation is mentioned on p. 55. Mr. Aves sent written inquiries, with forms to be filled in and returned to him, on the question whether or not the exemption clauses for the benefit of this special class of slow worker favoured the large as against the small employer, and *vice versa*. From the clothing trade sixteen declared that their operation was equal to both; four declared that they were unequal; and four declared that they favoured the large employer. From other trades thirty-two declared that their operations were equal; twenty-two that they were unequal; and fourteen declared that they favoured the large employer, whilst five declared that they favoured the small employer, and six were doubtful.

Whether or not all this extensive and complicated cordon of State regulation and compulsion in industrial legislation is the effect of a high protective policy, or is needed to give it equitable effect, as between the manufacturer and the worker, or whether such regulation is only possible under a protective system, are questions on which the Report touches lightly but suggestively. This much, however, is clear, and it is a confirmation from the statistician and economist's work of much that has been set out in this history. The old argument by which Protectionists attempted to hoist the Free Trader with his own petard, viz. that protection in the long (or short) run cheapens prices, is now practically abandoned in Australia. It must be abandoned, since to maintain it would involve the destruction of the whole foundations of what is called "The New Protection." It *does* raise both the price of articles and the cost of production (see p. 56 of the Report, and Appendix, p. 184). Again, it is daily becoming more clear that the increased cost of production, involving the payment of higher wages, is inevitably followed by increased cost of living, in which the cost of necessaries increases at even a higher ratio than the cost of non-necessaries. Mr. Aves' inquiries on this line of investigation, strictly confined within the limits of his commission, confirm the warnings drawn from a wider scope and

different points of view as set forth in this history. One of the most important is confirmed to the letter by this Report. It was my contention that whilst in our own behalf we might continue, with carefully guarded watch on its operation, some of our industrial legislation, for the purpose of drawing from experience more definite conclusions, yet even we ourselves have not sufficient data for a conclusive verdict on some of the vital issues involved. Still, further, it was contended that no older and more settled country was justified, without further inquiry and experience, in following blindly on our footsteps. Mr. Aves enters a similar judgment in words which are clear beyond limitation or qualification. The Socialist will not and cannot agree with the results which in this case are deduced from two separate and independent set of observations by two independent and separate inquirers. The reason is obvious. The Socialist starts out with a set of postulates which economists cannot accept, and which even Socialists themselves cannot agree to accept. It is useless to enter into the question of the solution of a mathematical problem with a co-worker who maintains that the three angles of a triangle may be less or greater than two right angles. Whatever else it may be, such a proposition is not mathematics. One of the co-workers must retire from the investigation. It, however, is the duty of the historian, as well as the ordinary investigator of social and economic problems, to point out that if legislative enactment is to go forward steadily towards the goal of partial or universal nationalisation, Socialism, though logical from its premiss, is destructive in practice. But this is an entirely different proposition from the assertion that there may be individual instances where legislation—even with the element of compulsion in limited cases—may attempt the amelioration of some of the conditions of the wage-earning classes. It is well that the two propositions be clearly and distinctly laid down both to the people and to the workers as a class who will bear the burden of the mistakes made, and share the

benefit of the success achieved. That is the great issue which lies at the hands of the statesmen and people of Australia for solution. On the principle of compulsion Mr. Aves endorses some of the reasons which have induced us to adopt it experimentally, while he condemns its application in the United Kingdom. In this respect Mr. Aves is in accord with Trade Unionism both in England and America and with every economist outside the ranks of the Marxian School.

INDEX

Acts relating to work and workers, lists of, 164-7
Arbitration. *See* Compulsory Arbitration
Arbitration Acts, 83, 113 ; failure of, 114
Australian Industries Preservation Bill, 107
Australian Workers' Union, 110
Aves, Ernest, his Report on Australian industrial legislation, 351-60

Barton, Right Hon. Sir Edmund, 155, 158
Barton, Mr. Justice, 345
Beeby, Mr., 223
Bellamy, 6, 35, 36
Blackmore, G. H., 94
Blackwell, Ernest, 11
Boomerang, The, founded by Lane, 7
Brent, Mr., 224
Briant, Mr., 173
Brisbane, meeting of the General Council of the A.L.F. in 1890, 38 ; sacrilege in a Catholic Church, 63 ; Convention of Labour organisations in 1905, 238-9
Broken Hill Mines, N.S.W., mass meeting of employees in 1908, 108 *note*
Brown, J. & H., judgment of the High Court in the case of, 123-5
Building Societies, 70
Butt, G., 201
Byrnes, Hon. T. J., 153, 154

Carpenter, Mr., 243
Chinese exclusion laws, 153, 156
Clarke, Victor S., 89-91
Coal-miners' strikes at Newcastle, N.S.W., 111
Coal-mining, the eight hours' question, 116
Coghlan, Mr., 100
Combines, 133-4
Commercial Bank, failure of, 72
Commodities, cost of, in Victoria, 261-3
"Common Rule, The," working of, 115
Compulsory Arbitration, the practical working of, 92-103, 209 ; compared with Wages Boards, 118-28
Compulsory Arbitration and Conciliation Courts, 49, 51, 78, 115-125, 197, 206 ; judges and the, 104-5 ; failure of, 109
Compulsory Conciliation and Arbitration Acts, 26, 83, 84, 170, 182
Compulsory Conciliation and strikes, 104
Constitution of the Commonwealth, 251 ; and industrial legislation, 127
Contract Immigrants Act, 1905, 158
Co-operation, 24

Dacey, Mr., 226
Deakin, Hon. A., 85, 186, 190, 192-6, 234, 235, 247, 248, 250,

251 ; his New Protection Scheme, 296-303, 346-8
De Largie, Senator, 244

Eiffe, the case *ex parte*, 122
Elementary Property Bill, 30
Encouragement of Manufactures Bill, 130, 132
Evening Post (Wellington), 95
Excise Act of 1906, 190, 195
Excise Tariff legislation, 197 ; judgment of Mr. Justice Higgins in application of H. V. McKay, 268 ; standard for time work, 292-5

Federal Labour Conventions. *See* Labour Conventions
Financial crisis in 1893, 73, 146
Fiscalism and the Labour Manifesto of October 1906, 226-7
Fisher, Hon. A., 132, 237
Free Trade and Protection, 155, 184

George, Henry, 6, 30
Gladstone, Right Hon. W. E., 134
Glassey, Thomas, 22
Gold-mining, and the eight hours' question, 117
Gray, Senator, 107
"Great Loan Industry, The," 34
Griffith, A., 226
Griffith, Sir S. W., 30 ; judgment in the Harvester Excise case, 304

Hannah, Mr., 244
Harvester Excise cases, 195, 197, 253-5, 268, 304
Hatters, the case of the six, 157
Heydon, Judge, on the Industrial Disputes Act, 172
Higgins, Mr. Justice, 97 *note*, 197, 198, 205 ; judgment in the Harvester Excise cases, 268-92, 333-45
Higgs, W. G., 12
Hinchcliffe, Mr., 244
Hodges, Mr. Justice, 171
Holman, Mr., 225
Hood, Mr. Justice, 106

Immigration, 145, 148 ; expenditure on, 264-5
Immigration Restriction Act, 155
Industrial Disputes Act, 171
Industrial legislation, 78-91, 163, 169, 358
"Industrial Workers of the World, The," 173
Industry, problem of State interference and control of, 169 *et seq.*
Intercolonial Trades Congress at Sydney in 1890, 33
Isaacs, Mr. Justice, on the Excise Tariff Act, 323

Jackson, Mr., 239, 240
Japan, influence on Australia of its rise as a first-class power, 160
Japanese exclusion laws, 153, 156

Kaitangata, N.Z., 182
Kanakas, exclusion of, 221
Kidston, Mr., 238, 240, 241
Kingston, Right Hon. C. C., 99, 155
Kirkpatrick, A. A., 243

Labour bureaus, 68 ; registration of unemployed, 256-60
Labour Conventions : Sydney, February 1905, 221 ; Brisbane, May 1905, 238, 239, 245 ; Melbourne, July 1905, 241
Labour Federation, the Australian, founded by Lane, 18, 25, 35, 40 ; its political aims, 38-9, 233, 243 ; the strikes of 1890 and 1891 "engineered" by the, 44 ; parliamentary aspirations, 55
Labour platforms : Queensland, July 1900, 216 ; Sydney, 1902, 231, 246
Labour representatives, parliamentary, 20-22
Labour Unions and the power to levy fines and contributions, 113
Lammond, H., 225
Land, nationalisation of, 65, 131
Land Banks, 70
Land tax, 65, 66, 147
Lane, John, 60

Lane, William, founder of Australian Socialism, 6 ; starts *The Boomerang*, 7, and *The Worker*, 11 ; in Paraguay, 11, 36, 59, 60, 65 ; and Trades Unionism, 16 ; founds the Australian Labour Federation, 18 ; his Communism, 23, 53, 65 ; repudiated by Intercolonial Trades Congress at Sydney, 33 ; on the failure of the shearers' strike, 47 ; loses confidence in his party, 58 ; starts the New Australia movement, 60 ; on case of sacrilege in S. Brisbane, 63 ; his magnanimous disposition, 64 ; emigrates to New Zealand, 66 ; referred to, 89, 213, 214, 228, 231
Law Courts and trade disputes, 111
Liberalism and Socialism, conflict between, 29 *et seq.*
Looking Backward, Bellamy's, 36

M'Cann, Mr., 222, 223, 227
M'Donald, C., 243
M'Donnell, D., 224
M'Gowen, Mr., 225
M'Gregor, Hon. Gregor, 134
M'Gregor, J., 93
McKay, H. V., judgment of Mr. Justice Higgins in application of, 268
M'Queen, Rev. S., 237
Mangan, Mr., 224
Mann, Thomas, 81, 236
Manufactures Encouragement Bill, 130, 132
Maritime strike of 1890-91, 45, 48
Marriage tie, Socialism and the, 204
Marx, Karl, 24, 35
Melbourne, Convention of Labour party in July 1905, 241, 246
Melbourne Argus, 182, 261
"Miller, John," Lane's *nom-de-plume*, 14 *note*
Morgan, Hon. A., 238, 240
Mornish, Mr., 223

National Review, 109
Nationalisation of land, 65, 131 ; of industries, 129 *et seq.*
New Australia Settlement Association, 60, 64 ; its constitution, 61
Newcastle, N.S.W., the threatened coal strike in 1907, 92 ; reduction of hewing rates in 1903, 111
New Protection, the, 183, 191, 212, 358 ; explanatory memorandum, 196, 296-303 ; memorandum relating to proposed amendment of the Constitution, 346-8
New South Wales, the Socialists in the State Parliament in 1891, 59 ; compulsory conciliation and arbitration, 81-83 ; lists of Acts relating to work and workers, 166-7 ; registration of unemployed at Labour Bureau, 257
New Zealand, involved in maritime strike of 1891, 44, 48 ; the system of compulsory conciliation and arbitration, 81, 83, 98-100 ; effect of industrial legislation, 102 ; the slaughtermen's strike, 106 ; State life assurance and fire insurance schemes, 135 ; list of Acts relating to work and workers, 164-6 ; wages in, 208
New Zealand Arbitration Act, 93
Nielson, Mr., 223

Observer, The, 7
O'Connor, Mr. Justice, 345

Paraguay, W. Lane in, 11, 36, 59, 60, 65
Pearce, Senator Hon. G. F., 244
Pelaw Main Colliery case, 123
"People's Parliamentary Platform, The," 42
Philp, Hon. Robert, 241
Population, Socialism and, 139

Queensland, Trades Unionism in, 9, 16 ; Wages Boards, 83-4 ; Japanese immigrants, 153-4

Railways, State, 136-8

Reid, Right Hon. G. H., 187, 193, 229, 235
Reid, Mat., 243
Reid-M'Lean ministry, 186, 235
Reinhold, Mr., 239
Review of Reviews, 110
Robinson, Sir Hercules, 144

Seddon, Right Hon. R. J., 81, 94, 99
Shearers' Union, 44 ; the strike of 1890, 46, 51 ; case of embezzlement, 64
Ships' Officers, Association of, 44
Slaughtermen's Union, defy New Zealand Arbitration Act, 95, 106
Slow worker, the, 349-50
Smith, Mr., 226
Socialism, Australian, 3 ; a phenomenon, 4 ; founded by Lane, 6 ; Trades Unions and, 18, 19, 33, 41, 47, 82, 83, 86, 101 ; attitude of the farmers towards, 24 ; the conflict with Liberalism, 29 *et seq.* ; abandonment of communism as applied to land, 65 ; Government labour bureaus, 68, 256-60 ; effect of the great financial crisis on, 75 ; supports a high tariff, 88 ; nationalisation of industries, 129 *et seq.* ; population and internal development, 139 *et seq.* ; Socialists opposed to immigration, 145, 148 ; advocacy of a land tax, 147 ; difficulties involved in the control of industries, 169 *et seq.* ; attitude towards Free Trade and Protection, 184-5 ; the marriage tie, 204 ; masking of the objectives, 211 *et seq.* ; the religious basis of, 236 ; coming battle with Constitutionalism, 252
Socialistic newspapers, 11-16
South Australia and Wages Boards, 83
Spence, W. G., 226
State life assurance and fire insurance schemes of New Zealand, 135
State railway enterprise in Australia, 137
Strikes : the maritime, of 1891, 44, 48 ; the shearers', of 1890, 46, 51 ; slaughtermen, New Zealand, 95, 106 ; Australian Workers' Union, 110 ; at Newcastle coal-mines, 1903 and 1904, 111
Strikes and compulsory arbitration, 44 ; and compulsory conciliation, 104
Sugar-refining industry, nationalisation of the, 130, 132
Sunshine Harvester Excise cases, 195, 197, 253-5, 268, 304
Sydney, Intercolonial Trades Congress at, in 1890, 33 ; Conference of Labour members in 1905, 32, 221 *et seq.* ; congress of the Labour Council in April 1908, 173
Sydney Daily Telegraph, 223

Tariff legislation, 183-96, 212
Teralba coal-mine, strike at, 111
Thomas, J., 243
Tobacco manufacture, nationalisation of, 130, 132
Trade and Labour Conference at Wellington in 1907, 97
Trades Unionism, in Queensland, 9, 16 ; and Socialism, 18, 19, 33, 41, 47, 82, 83, 86, 101 ; during the financial crisis, 75
Tregear, E., 96
Turley, Senator, 107, 108, 244

Victoria, and the Wages Boards, 81 ; registration of unemployed at Labour Bureau, 256 ; cost of commodities in, 261-3
Village Settlements, 23-4, 69, 146

Wages Boards, 49, 51, 79, 80, 114, 171, 206, 209, 352 ; and compulsory arbitration compared, 118 *et seq.*
Walker, Alfred, 59
Ward, Sir J. G., 182
Watson, Christian, 32
Watson, Hon. J. C., 85, 194, 195,

222, 227, 228, 234, 235, 242, 245-8; declaration on New Protection, 266
Way, R. F., 94
Wellington, New Zealand, Trade and Labour Conference at, in 1907, 97
Western Australia and compulsory arbitration, 83
West Port Coal Company and the eight hours' period, 117
Williams, Mr. Justice, 107
Wise, B. R., 81, 110
Work and Wages — the slow worker, 349-50
Worker, The, founded by Lane, 11, 12, 14, 22, 32, 33, 35, 66, 218, 235, 236

THE END

Printed by R. & R. Clark, Limited, *Edinburgh.*

WORKS ON SOCIALISM

THE PROBLEMS AND PERILS OF SOCIALISM. Letters to a Working Man. By J. St. Loe Strachey. Medium 8vo. Sewed. 6d.

THE PATTERN NATION. By Sir Henry Wrixon, K.C. Second Edition. Crown 8vo. 3s. net.

JACOB SHUMATE, OR, THE PEOPLE'S MARCH. A Voice from the Ranks. By Sir Henry Wrixon, K.C. Two Vols. 8vo. 21s. net.

SOCIALISTS AT WORK. By Robert Hunter. Illustrated. Crown 8vo. 6s. 6d. net.

SOCIALISM. A Summary and Interpretation of Socialist Principles. By John Spargo. Crown 8vo. 5s. net.

SOCIALISM IN THEORY AND PRACTICE. By Morris Hillquit. Crown 8vo. 6s. 6d. net.

THE SOCIAL UNREST. Studies in Labour and Socialist Movements. By John Graham Brooks. Crown 8vo. 6s. net.

SOCIALISM BEFORE THE FRENCH REVOLUTION. By William B. Guthrie, Ph.D. Crown 8vo. 6s. 6d. net.

SOCIALISM AND THE AMERICAN SPIRIT. By N. P. Gilman. Crown 8vo. 6s. 6d.

LONDON: MACMILLAN AND CO., Ltd.

IMPORTANT NEW AND RECENT BOOKS

THE GOVERNMENT OF ENGLAND. By Prof. A. LAWRENCE LOWELL. Two Vols. 8vo. 17s. net.

MODERN EGYPT. By the EARL OF CROMER. With Portrait and a Map. Two Vols. 8vo. 24s. net.

THE COUNTY LIEUTENANCIES AND THE ARMY, 1803–1814. By the Hon. J. W. FORTESCUE. 8vo. 10s. net.

THE STRUGGLE FOR IMPERIAL UNITY. Recollections and Experiences. By Colonel GEORGE T. DENISON, President of the British Empire League in Canada. With Portrait. Extra Crown 8vo. 8s. 6d. net.

THE POOR LAW REPORT OF 1909. A Summary explaining the Defects of the Present System and the Principal Recommendations of the Commission so far as relates to England and Wales. By HELEN BOSANQUET. Crown 8vo. 3s. 6d. net.

FREE TRADE IN BEING. By RUSSELL REA, M.P. Globe 8vo. 2s. 6d. net.

THE TAXATION OF THE LIQUOR TRADE. By JOSEPH ROWNTREE and ARTHUR SHERWELL, M.P. Vol. I. Public Houses, Hotels, Restaurants, Theatres, Railway Bars, and Clubs. Cheaper re-issue. 8vo. 2s. 6d. net. Also an Abridged Edition. 8vo. Sewed. 6d.

HIGH LICENCE. A Critical Examination of the Licence Duties prevailing in the United Kingdom and in the United States. By FREDERIC W. TOMPSON. 8vo. 1s. net.

INVESTIGATIONS IN CURRENCY AND FINANCE. By W. STANLEY JEVONS, LL.D., M.A., F.R.S. Illustrated with Eighteen Diagrams. Edited, with an Introduction, by Professor H. S. FOXWELL, M.A. New Edition, abridged, with Preface by H. STANLEY JEVONS, M.A., B.Sc. 8vo. 10s. net.

LONDON : MACMILLAN AND CO., LTD.

PLEASE DO NOT REMOVE
CARDS OR SLIPS FROM THIS POCKET

UNIVERSITY OF TORONTO LIBRARY

HX
474
S3

St. Ledger, Anthony James
Joseph
Australian socialism

UTL AT DOWNSVIEW
D RANGE BAY SHLF POS ITEM C
39 11 04 06 13 003 1